

Source: Karobar Daily; 13 Aug 2017

Energy sector becoming competitive

Bhim Gautam

After 106 years of the generation of electricity in the country, way has been paved for this sector to finally become competitive. The electricity sector has become competitive with the Legislature-Parliament passing the bill related to the Electricity Regulation Commission on Friday.

With the passing of the bill, the monopoly of Nepal Electricity in buying and selling electricity and most of the rights of the Ministry of Energy (MoE) and Department of Electricity Development will now soon come to an end.

Joint secretary and spokesperson for MoE, Dinesh Ghimire said that the passing of the bill has paved the way for the formation of an authorized electricity regulation commission in order to make generation, transmission, distribution, and market of electricity competitive.

“NEA’s monopoly has ended. Door has opened for the electricity sector to become competitive. The main purpose of the regulatory commission is to decrease cost and increase quality,” he said.

According to him, the the right to issue electricity generation license will be with the MoE, it is the regulatory commission to be formed which will monitor whether the license holder has done tasks as per the terms and conditions of the license. As the commission has been given the right to fix electricity tariff, once this commission comes into existence, the Electricity Tariff Fixation Commission will cease to exist.

The draft of the bill on electricity regulation commission has been passed nine years after it was prepared. MoE has said that the commission will begin its work 91 days after the bill is certified by the President. A committee headed by the Secretary at the MoE will select the chairperson and members of the commission.

“Private companies will be able to become active for generation and distribution of electricity and also its export and import after the regulatory commission comes into existence,” said Shailendra Guragai, president of the Independent Power Producers Association Nepal (IPPAN). He however, added that the commission will have to be led by people with strong will power.

Source: My Republica; 14 Aug 2017

Mini-hydro project canal washed away

Incessant rain for the last three days has washed away the biggest hydro power project in the district, leaving several wards of Musikot and Badikot villages without power. The dam of Daramkhola hydro project located at Musikot-9 collapsed in the flood. This is the biggest mini hydro project in the country. According to the locals, around 1000 households have been directly affected by this. The project has the capacity of 85 kw and was providing power to several wards of Musikot and Badikot. "Small factories and industries, communication facilities such as radio are working no more. Everything has been disturbed," said Lok Prasad Chhantel, a local of Musikot - 9.

Chhantel informed Republica that Radio Pushpanjali and Radio Sarathi stationed at Bami of Musikot Municipality and Kharwang of Badighat Municipality have gone off air.

According to Dharmendra Kumar Malla, president of the hydro power committee, the canal of the hydro project was damaged by the devastating landslides. "It fell off from around 200 meter above. The canal was fully destroyed and washed away," he said. He added that it might take one week at least to repair things.

Landslides have affected the road services as well. Debris are everywhere on major as well as minor roads disrupting vehicular movements. Passengers have been stranded at several junctions.

Source: My Republica; 14 Aug 2017

NEA lowers power generation, imports as demand falls

Nepal Electricity Authority is producing electricity below the capacity of the power plants because of lowered demand or halted supply in the urban centers of the eastern and central regions of the country. The industrial estate of Birgunj has lower power load as the industries in Birgunj are not in operation due to floods. On the other hand, the cities of eastern and central tarai have been disconnected from the power network.

Major power plants have been operating below their installed capacities. According to NEA, Kaligandaki with an installed capacity of 144 MW, Madhya Marsyandi with 70 MW, and Marshayngdi with 69 MW have been running to produce only 100 MW, 25 MW and 32 MW, respectively.

Almost all the sub-stations from Bharatpur in the central Nepal to Jhapa in the eastern Nepal have been submerged while a pylon tower of Damak Godhak 132 KVA transmission line has collapsed due to floods. Another pylon tower of 66 KVA near Hetauda Cement plant is on the verge of collapse.

The sub-station of Duhabi is drowned in the floods since Saturday morning, leading to a complete power disconnection to the areas east of it, NEA's Managing Director Kul Man Ghising told the media at a press meet organized in Kathmandu on Sunday to inform about the effects of flood in the electricity supply.

"This is the probably the first time the country's power supply system has seen such long disconnection," Ghising said.

The power system was restored within few hours even after the earthquake of 2015.

"We are yet to assess the extent of damage, and it is hard to predict when we will be able restore power supply in the eastern region," said Ghising, adding that they had mobilized workforce in the affected areas.

Seeking apology from the customers, Ghising said that they had no alternative to wait for the flood waters to recede before starting the maintenance works.

Many people in the flooded areas have lost telephone connection because there is no power supply to recharge their cell phone batteries.

All electricity imports from Bihar and Tanakpur have been temporarily stopped while the import via Dhalkbear-Mujaffarpur transmission line is at the lowest level because there is very low demand for the electricity.

The electricity demand in Nawalparasi, Rupandehi and Banke is also very low as industries are not operating due to fear of floods.

Gandak power house of 7 MW, which is run on the water of the west canal of the Gandak barrage, has been shut down after the Indian authorities reported there were damages in the canal downward from the powerhouse.

Likewise, tripping in Balaju Trishuli transmission line of 66 KVA has forced low generation of power from Chilime, Trishuli and Devigaht power houses.

NEA has said that the power supply in the flooded areas have been cut off as a safety measure to prevent electrocution.

Meanwhile, Sunday's board meeting of NEA has formed and mobilized separate teams region-wise to take stock of the damages and make necessary intervention wherever necessary. A team led by NEA's board member Chetraj Joshi has been entrusted the role to assess damages and restore supply in the eastern region. Likewise board members Umesh Thani, Chandra Tandan, and Bhakta Bahadur Pun have been tasked with restoring supplies in the central, western, and mid- and far-western regions respectively.

Meanwhile, Independent Power Producers' Association, Nepal informed that eight projects of total installed capacity of about 70 MW have shut down power generation due to floods and heavy rainfall in

the last two days. The affected projects are Piluwa Khola Small, Lower Piluwa Khola Small, Hewa Khola, Mai Khola, Mai Cascade, Upper Mai Khola, Hewa Khola A, and Jogmai.

Source: The Rising Nepal; 14 Aug 2017

Landslides force four micro hydro projects out of operation

At least four micro hydro power projects shut down here in Myagdi due to landslides and flooding triggered by torrential downpour.

Around 1500 households in Dhaularigi and Malika rural municipalities have been affected after the hydro power projects were forced out of operation owing to natural disasters.

A road connecting the two villages has also been blocked from a landslide while a suspension bridge was swept away in a flashflood.

Power generation at 51 – kilowatt Rumkhola micro hydro project of Malika rural municipality – 1 was obstructed after landslide fell over a power station. In another incident, a canal collapsed after a tree fell over it at Okharbot area shutting down the operation of 30 – kilowatt Dajungkhola micro hydro power project.

Power supply to Niskot, Rum, Okharbot, Devisthan, Darwang, Chyuribot, Mahavir and Dagle villages has been severed.

Meanwhile, 35 – kilowatt Darkhola 2nd micro hydro power project at Lamsung area of Dhaulagiri rural municipality – 2 closed down after a pipeline was swept away by the landslide. A total of 350 households plunged into darkness in Lulang, Lamsung and Khoriya villages following the incident, Project's Chairman, Krishna Gauchan said.

The operation of 30 – kilowatt Marangkhola micro hydro power project at Dhaulagiri – 6 was also disrupted after a landslide fell over blocking the Marang river. The flood triggered by the blockage later swept away a 100 – meter canal, according to ward member, Lok Bahadur Pun. The power supply to 300 households was cut off after the project was forced out of operation. RSS

Source: The Himalayan Times; 14 Aug 2017

Power distribution affected across the country: NEA

Sabin Mishra

Owing to the incessant rainfall since last few days, the distribution system of Nepal Electricity Authority (NEA) has been completely damaged in the eastern region, while power supply across the country has also been affected.

According to Kulman Ghising, managing director of NEA, substations located at Duhabi of Sunsari, Damak and Anarmani of Jhapa have been inoperable due to floods since Friday morning. Likewise, tower number 17 of the Damak-Godhak 132 kV transmission line has collapsed, which has disrupted the supply of electricity generated by independent power producers in Ilam.

“We have been unable to supply electricity to the eastern part of the country, as substations have been inundated by the floods, which has affected the transmission and distribution systems as well,” Ghising said.

According to him, it would take around seven days for the NEA to restore electricity supply to the eastern region once the water level recedes and maintenance works can be carried out.

Moreover, the power supply to the Hetauda industrial area has also been affected as the 66 kV transmission tower located near Hetauda Cement Industry suffered damages due to the landslides. NEA has also shut down Chapur-Pathalaiya, Balaju-Trishuli, Dhalkebar-Chapur and Raxaul-Parwanipur transmission lines due to floods and landslides.

While the floods have turned the lives of public topsy-turvy, the power demand has taken a dive due to disruptions of transmission lines.

According to NEA, only two megawatts of electricity has been utilised through Lahan substation, against the normal demand of 36 megawatts. Likewise, NEA has supplied one megawatt of electricity through Dhalkebar substation against average demand of 35 megawatts; 1.5 megawatt supplied through Gaur, Hariपुर and Nijgadh substations against the normal demand of 32 megawatts; and seven megawatts have been supplied through Birgunj substation against average daily demand of 20 megawatts. Ghising further informed that NEA has supplied only two megawatts through Hetauda substation against 12 megawatts of average demand. The floods have completely damaged the Bharatpur and Parsa substations.

Due to lower demand, NEA has reduced the quantum of electricity imported from India. NEA is importing only seven to 33 megawatts of power through Dhalkebar-Muzaffarpur transmission line against daily import of 100 MW earlier. Likewise, electricity import from Bihar and Tanakpur has been halted.

NEA has also reduced the production capacity of powerhouses. Only 100 megawatts of electricity is being produced from Kaligandaki A hydropower against its capacity of 144 MW.

Likewise, the capacity of Middle Marsyangdi has been reduced to 25 MW from 70 MW; Marsyangdi reduced to 32 MW from 69 MW; Trishuli and Chilime reduced to seven megawatts each from 35 MW and 22 MW, respectively; and the capacity of Devighat Power Project has dropped to five megawatts from normal capacity of 14 MW.

The Gandak Powerhouse has remained shut due to the floods.

Source: The Himalayan Times; 15 Aug 2017

Energy ministry to focus on tangible reforms: Shahi

The Ministry of Energy (MoE) has issued a white paper incorporating the current status of the country's energy sector and its action plan to implement priority projects and reform measures to bring tangible changes in the power sector. The white paper, unveiled by Energy Minister Mahendra Bahadur Shahi, has fixed the priorities for optimum utilisation of water resources to achieve economic prosperity. The MoE has envisioned to enhance the quality of electricity supply as well as to improve the situation of energy security.

Unveiling the white paper, Energy Minister Shahi said that he will give due priority to the implementation of National Energy Crisis Prevention and Electricity Development Decade — the Energy Ministry's 10-year vision to develop 10,000 megawatts of electricity.

In addition to this, the MoE has prioritised crucial reform measures to expedite projects — generation and transmission and bring about transformative changes in the distribution system of electricity.

The paper unveiled today has also given high priority to energy efficiency, net metering facility for users of solar power to encourage them to utilise alternative energy sources mainly solar, and introducing smart metering system. It has also prioritised upgrading the capacity of existing distribution system through installation of high capacity transformers and cables to make the distribution system robust. The MoE also expects the aforementioned initiatives to control electricity leakage. The white paper also includes the provision to recover outstanding electricity dues, and provide necessary facilitation in bill-payment through effective implementation of e-payment and mobile payment systems.

The paper also includes guidelines for Engineering, Procurement, Financing and Construction (EPFC) contract to develop multi-purpose and large-scale projects.

It has also pledged to provide grid connection facility for electricity produced by sugar mills and solar plants developed by the private sector. To eliminate load-shedding from the country, the MoE has given priority to develop energy-mix, promoting solar energy, import additional power from India, and encourage users to utilise power-efficient electric products, among others.

The MoE, through the white paper, has also stressed on early operationalisation of subsidiary companies registered by Nepal Electricity Authority (NEA), namely generation company, national grid company, engineering company and power trade company. The ministry expects an additional 600 megawatts of electricity will be added to the national grid by the middle of next fiscal along with completion of Upper Tamakoshi Hydroelectricity Project and projects being developed by independent power producers.

The paper has also pledged to expedite projects being implemented by NEA, namely Chameliya, Trishuli 3A, Kulekhani III and some other projects being developed by the subsidiary company of NEA — Upper Tamakoshi, Rasuwagadi, Middle Bhotekoshi and Sanjen, among others.

Transmission line projects have also been given high priority with a pledge to complete the construction of East-West 400 kV transmission line, Butwal-Gorakhpur cross-border transmission line and transmission lines in Karnali, Bheri and Seti corridors within five years. The white paper has also envisioned upgradation of the only load dispatch centre of NEA at Kalanki in Kathmandu and also establish load dispatch centres at the regional level.

Source: The Kathmandu Post; 17 Aug 2017

Chameliya hydro wet test slated for Sept

The Chameliya Hydropower Project plans to conduct a wet test of the plant and machinery by the third week of September as most of the civil works have been completed. The 30 MW scheme is located in Darchula district in western Nepal.

Korea Hydro and Nuclear Power Company, the electro-mechanical and hydro-mechanical contractor for the hydropower project, will start filling the project's 4-km tunnel with water before the Dashain vacation begins.

A wet test of the plant's various electro-mechanical equipment will begin immediately after the festival, according to the Nepal Electricity Authority (NEA), the owner of the project.

"It will take almost 12 days to fill the tunnel with water," said Ajay Kumar Dahal, NEA appointed project chief of Chameliya. "Therefore, by the time the vacation is over, the Korean contractor can begin the wet test." China Gezhouba Group Corporation (CGGC), the civil contractor for the project, has agreed to make the project ready for the wet test and hand it over to the Korean contractor by September.

Most of the civil works of the hydropower project have been completed. Currently, the civil contractor has almost completed plugging two out of the three audit tunnels that were dug while digging the 4-km main tunnel. "The two audit tunnels will be plugged in a week, and CGGC will build a gate at the third," said Dahal.

The Chinese company has also completed the construction of a 47-metre rock trap in the tunnel. A rock trap is a pit built in the tunnel to catch sediment, pebbles and stones in the water so that they do not enter the turbines and damage them.

The civil contractor has also conducted a successful test of the dam and desanding basin by channeling water from the Chameliya River into them.

CGGC resumed work on the project in October 2016 after leaving it for more than two years. It has speeded up construction work and has pledged to complete it well before the September-end deadline.

Construction at the site had come to a halt in May 2014 after the government refused to make an additional payment of Rs1.09 billion which the contractor had demanded for cost variance resulting from the squeezing of the tunnel. The contractor agreed to resume work after being summoned to the Energy Ministry and told to do so immediately by the then energy minister Janardan Sharma.

The NEA, the state-owned power utility, has also agreed to release a provisional payment of the disputed bill before the issue is resolved in order to maintain a regular cash flow for the project. After the dispute is settled, the contractor has to return the excess if it has been paid too much, and it will receive additional payment in case of a deficit.

Source: The Kathmandu Post; 17 Aug 2017

International Finance Corporation requests Energy Minister to expedite PPA

Upper Trishuli-1 hydel project

International Finance Corporation (IFC), the private-sector wing of the World Bank Group and one of the promoters of Upper Trishuli-1 Hydroelectric Project have requested the Energy Minister Mahendra Bahadur Shahi to expedite the power purchase agreement (PPA) of the project.

Wendy Werner, country manager of IFC for Nepal, Bhutan and Bangladesh met Shahi on Wednesday and requested him to expedite the PPA of the project. The project is currently in limbo after project developer Nepal Water and Energy Development Company (NWEDC) and Nepal Electricity Authority (NEA) missed the deadline to do so as specified in the project development agreement (PDA).

According to the press statement issued by the Energy Ministry, Werner during her meeting with Shahi said the IFC is interested in making investment in energy sector of Nepal via private sector and asked him to take the initiative to expedite such investments.

As per the PDA, the NEA and NWEDC were supposed to complete the PPA by the end of June, but it did not happen as both parties failed to agree over some sticking points, according to the NEA.

NWEDC has asked that a force majeure clause be inserted in the PPA under which the NEA will have to pay compensation. As per this clause, if the developer fails to meet the contractual obligation due to unforeseeable circumstances like war, strikes or blockades, among other mishaps, the NEA will be liable to pay compensation.

The NEA is not willing to insert the provision in the agreement as it has already been included in the PDA. Likewise, the developer has asked the NEA to bear the hydrology risk associated with the hydropower project and include the provision in the PPA.

If this provision is included in the PPA, the developer will not be fined even if it fails to supply the amount of energy pledged at the time of signing the PPA. The NEA is reluctant to include this provision in the PPA saying that it has already relaxed the hydrology penalty provision under which the developer will not be fined even if it fails to supply up to 50 percent of the pledged energy.

Similarly, the NWEDC has rejected the NEA's demand to include a provision under which the developer has to pay liquidated damage in case it fails to meet the generation deadline.

The liquidated damage is the compensation amount an aggrieved party should get if the other party breaches certain parts of the contract. NWEDC turned down the NEA's demand saying that it is already included in the PDA. The NEA, however, is of the view that it should be entitled to receive compensation as it will suffer a substantial loss if the developer fails to meet the generation target.

NWEDC is a joint venture company formed by three Korean companies, International Finance Corporation (IFC) and Nepali investor Bikesh Pradhanang. The three Korean companies are Korea South East Power Company, Daelim Industrial Corporation and Kyeryong Construction Industrial Corporation.

The Upper Trishuli-1 will generate 216 MW of energy through three turbines with a capacity of 72 MW each. The project is expected to generate 1,456.4 gigawatt hours of net electricity per year, of which 1,149.7 gigawatt hours will be generated in the wet season and 306.7 gigawatt hours in the dry season.

Source: My Republica; 17 Aug 2017

NEA posts record revenue growth of 42 percent

Rudra Pangani

Nepal Electricity Authority (NEA) enjoyed one of the best fiscal years in its history in FY2015/16. The energy utility posted an impressive 42 percent growth in revenue to Rs 50 billion, while it managed to bring down its annual loss to a 10-year low in the review period.

Thanks to end of load-shedding, the NEA earned revenue of Rs 50 billion in FY2016/17, up from Rs 35 billion in the previous fiscal year. Similarly, its net loss plunged to Rs 978 million in FY2016/17, down from a whopping Rs 8.89 billion in 2015/16. Likewise, NEA's total energy sales grew by 28 percent to 4,776 GWh, while its technical loss fell by a record 2.88 percentage points to 22.90 percent.

In FY2015/16, NEA posted revenue growth of only 4.28 percent, while its technical losses had come down by 1.34 percentage points.

The utility has been in red since FY2006/07 when it posted net profit of Rs 240 million.

Hike in energy tariff by 18 percent from mid-July 2016 is one of the factors that helped the NEA to put impressive revenue growth. But the remarkable achievement is mainly due to efficient management of the energy utility under the leadership of its Managing Director Kulman Ghising.

Unveiling the annual report of the NEA at a function organized to celebrate its 32nd anniversary in Kathmandu on Thursday, Ghising said that past fiscal year was historic for the NEA in terms of load-shedding management, loss reduction and financial performance.

Kathmandu and Pokhara were made-load shedding free almost throughout the fiscal year, while power cut to other areas of the country reduced significantly.

"We operated projects like Kaligandaki, Marshyangdi and Middle Marshyangdi for peaking operation during dry season to meet the peak demand of the system," Ghising said.

Energy output by plants developed by independent power producers increased by 52 percent to 1,777 GWh as 10 new projects started generation in the review year. Likewise, NEA's energy generation grew by 8.06 percent to 2,305 GWh even though no new project was connected to the national grid.

Though the NEA had planned to bring its new projects -- Kulekhani III (14 MW) and Chameliya (30 MW) in the last fiscal year, it could not happen. Likewise, work of Upper Trishuli 3A (60 MW) remained halted for about two years because of the 2015 earthquakes. Work of the project resume recently, according to the NEA's annual report.

When Ghising managed to end load-shedding in the Kathmandu Valley in October last year, many had criticized his move, alleging Ghising of ending load-shedding by using water of Kulekhani reservoir, which is generally reserved for the dry season, and also importing more electricity. But the NEA's annual report shows that electricity import increased by only 22 percent to 1,777 GWh in FY2016/17 compared to growth of 28 percent in the previous fiscal year.

Share of imported energy in total available energy, however, remained the same at 35 percent in FY2016/17 and the previous fiscal year.

52% GROWTH IN GENERATION BY PRIVATE DEVELOPERS

The year also marked a record growth of 52 percent in electricity generation by projects promoted by independent power producers (IPPs). A total of 10 projects with installed capacity of 116.61 MW, including Upper Marshyangdi 'A' Hydropower Project (50 MW) started generation in the review year. Power generation from plants promoted by IPPs had posted negative growth of 7.55 percent to 1173.14 GWh last year. With these 10 new projects, IPPs now have 60 projects having total installed capacity of 441.05 MW.