

Source: The Kathmandu Post; 13 November 2017

Begnas, Rupa water to be used to produce energy

Pump-storage hydel project

The Energy Ministry on Thursday awarded a survey licence for the first ever pump-storage type hydropower project to the Nepal Electricity Authority (NEA). The proposed 150 MW project will be built on Begnas and Rupa lakes in Pokhara.

In a pumped-storage project, water is pumped from a lower elevation of the reservoir to a higher elevation during off-peak times when there is less demand for electricity and the tariff is lower.

The stored water is released to a lower reservoir to produce electricity during periods of high power demand. The power plant itself becomes an electricity consumer when pumping water, but it pays less because it does so during off-peak times. The plant produces energy using the stored water during peak times when it charges a higher rate.

As Begnas Lake is located at a higher altitude than Rupa Lake, hydroelectricity can be generated by channelling water from Begnas to Rupa where the powerhouse will be built.

There is a natural head of around 60 metres which will be sufficient to generate electricity, the NEA said. The project, according to the state-owned power utility, will be designed to generate power for 4 hours daily.

As per the NEA's plan, water will be channelled into Rupa from Begnas during peak times to produce electricity. "During off-peak times, like mid-day or midnight, the project will use a reversible turbine to pump the water back into Begnas from Rupa," said Prabal Adhikari, spokesperson for the NEA.

The NEA decided to develop a pumped-storage type project after Kulman Ghising was appointed as managing director. It applied for a survey licence with the Department of Electricity Development (DoED) on October 13 after completing a preliminary study for the development of the pump-storage project.

As the Energy Ministry has the sole authority to award survey licences for projects with an installed capacity of 100 MW or above, the department forwarded the application with its recommendation to the ministry on Thursday. The NEA was awarded the licence on the same day.

"The NEA decided to build a pumped-storage type project as there isn't a single one in the country," said Adhikari. "We have no experience in developing a pump-storage type project, so we will probably seek foreign help to prepare a detailed project report (DPR)."

The Japan International Cooperation Agency (JICA), according to Adhikari, is keen in helping Nepal develop a pump-storage type hydropower project. "As Japan has vast experience in developing such types of hydropower projects, we will probably ask JICA for help to prepare a DPR," he said.

Source: The Kathmandu Post; 13 November 2017

Govt scraps Budhigandaki project with Chinese company

The government has decided to scrap the agreement signed with the Chinese company, Gezhouba Group, for the construction of Budhigandaki Hydroelectric project. A Cabinet meeting held on Monday morning made the decision to this effect.

Rasriya Prajatantra Party (RPP) Chairman and Deputy Prime Minister Kamal Thapa said in a tweet that the agreement signed recklessly and shadily with Chinese group was scrapped following the directives of various parliamentary committees.

Baburam Bhattarai-led Naya Shakti Nepal on June 8 had said that the decision of Pushpa Kamal Dahal-led government to award the contract to construct Budhi Gandaki Hydropower Project to China's Gezhouba Group Corporation was against the nation's interest.

The Budhi Gandaki has been touted as a key project to resolve the perennial power crisis in the country. The government has allocated a budget of Rs5.33 billion for the project's development for this fiscal year.

A Cabinet meeting on May 23 had approved the Energy Ministry's proposal in principle to let the Chinese company build the 1,200 MW project under the EPCF model of project development.

Earlier in March 2017 and 2018, Prime Minister Pushpa Kamal Dahal and his predecessor KP Sharma Oli had sought Chinese investment in national pride projects during their visits to the northern neighbour.

Source: My Republica; 13 November 2017

Arun III, Upper Karnali get financial closure deadline extension

A meeting of Investment Board Nepal (IBN) has extended the deadline of Arun-III Hydropower Project and Upper Karnali Hydropower Project for financial closure.

The 28th meeting of the IBN chaired by Prime Minister Sher Bahadur Deuba has extended the deadline of Arun-III hydro power project for six months starting September 30, 2017 to complete financial closure.

Similarly, the meeting also extended financial closure deadline of Upper Karnali Hydropower Project for a year, starting September 18, 2017.

Both the hydropower projects had requested the IBN to extend the deadline for financial closure citing the delay in acquiring required forest areas and private land.

The meeting also directed the office of the IBN to take forward the project to build two metro lines in a BOOT model.

It also directed the Board to expedite the works including the preparations of DPR.

Source: My Republica; 14 November 2017

Financial closure deadlines for Arun III, Upper Karnali extended again

The Investment Board of Nepal (IBN) has once again extended the deadline for the developers of Arun III Hydropower Project and Upper Karnali Hydropower Project to achieve the financial closures of both projects.

The board meeting held on Monday under the chairmanship of Prime Minister Sher Bahadur Deuba decided to extend the deadline for both projects in line with the demands made by the project developers.

GMR Upper Karnali Hydropower Ltd, a subsidiary of GMR Energy India, has received additional one year to achieve the financial closure for Upper Karnali Hydropower Project.

Similarly, the IBN has also granted a six-month extension for SJVN Arun-III Power Development Company Pvt Ltd (SAPDC), a fully-owned subsidiary of Indian government's Satluj Jal Vidyut Nigam Limited (SJVNL), to finalize the financial agreement for the Arun III Hydropower Project.

Both mega projects, being developed by Indian developers, are of 900-megawatt capacity.

These developers had sought deadline extension to achieve financial closure from the IBN citing delay due to the problem of forest clearance and land acquisition in the areas where these two mega projects are being developed.

With the extension of the deadline, Arun III Hydropower Project's financial closure should be now completed by March 30 next year while GMR should achieve its financial closure by September 18 next year.

SJVNL's earlier deadline to achieve the financial closure had expired in September 30 this year, while GMR was required to complete the financial closure by September 18. As both developers could not complete financial closures, the IBN decided to extend the deadline for them.

"Since the forest clearance was delayed from our part, we had to extend the deadline for them to achieve financial closure," said Maha Prasad Adhikari, the IBN's chief executive officer.

"We extended the deadline due to our obligation. Now it is their responsibility to make sure that they arrange funding within the extended deadline," added Adhikari.

This is the second time these Indian developers have received deadline extension only to finalize funding. Earlier in January, the IBN had provided them an additional year to complete financial closure after they failed to do so last year citing impact of the 2015 earthquake.

The initial two-year deadline given to GMR had expired on September 18 last year, while SJVN had to complete financial closure by November 24 last year.

Located in three districts in western Nepal - Surkhet, Achham, and Dailekh - Upper Karnali hydropower project was awarded to GMR in 2008 as an export-oriented project aiming the Indian market. Arun III is also an export-oriented Peaking Run-of-River (PRoR) project with 3.65 hours minimum peaking capacity, which is being developed in Sankhuwasabha district in eastern Nepal. Both projects should be completed within five years of completing financial closure.

Meanwhile, the meeting also instructed the IBN office to carry out works of detailed feasibility study and detailed project report of Route Number 2 (Nagdhunga-Kalanki-Koteswor-Dhulikhel) of Kathmandu Valley Metro Train Project based on the report of a member of National Planning Commission.

Source: The Kathmandu Post; 16 November 2017

Seti River hydropower project gains traction

LAL PRASAD SHARMA

The preliminary works for the development of 30MW Seti River Hydropower Project in Sardi Khola of Machhapuchre Rural Municipality have started.

Vision Nepal, a group of youth entrepreneurs, started the survey of the proposed hydropower project, which is estimated to cost Rs5.5 billion.

The project was identified in 2003. The Energy Ministry had been keeping the project in its basket as it failed to move ahead.

The survey licence, however, was granted to Vision Nepal seven months ago.

The group said they are nearing completion of the Detailed Project Report (DPR) and Environmental Impact Assessment. “The DPR and EIA of the hydropower project are in the final stage. We have targeted to complete the study by December-end,” said Vision Nepal Chairman Jagat Pokharel.

Pokharel said they would accord priority to the welfare of the local people while constructing the project. “Although the preliminary study would take two years, we have fast tracked the process to complete to initiate the project construction soon.”

According to the company, it has been drafting EIA as per the terms of reference and guideline issued by the Ministry of Environment. A team of 16 experts has been deployed for drafting EIA report, the company said. “We are looking to carry out power purchase agreement with the Nepal Electricity Authority within one and a half months,” Pokharel said.

According to the Energy Ministry, the project will have the capacity to generate 25 to 30 MW of electricity.

The run-of-the river type hydroelectricity project will be constructed in wards 1 and 2 of Machhapuchre Rural Municipality.

Saroj Adhikari, joint-secretary at the ministry, said a 30-metre long dam will be constructed across Seti River and a 7-km-long pipeline structure will be built to construct the power house.

“Based on the weak geological structure in the area, the pipeline system, instead of the permanent tunnel, will be built to divert the water in the river to the powerhouse,” Adhikari said.

The proposed project site is far from the agricultural field and human settlement area. The electricity produced will be connected to the national grid through a 132 kV transmission line located at 6km from the project site.

According to Adhikari, the project construction site is connected with road access. Seti River Hydropower Project that is located at the Annapurna Conservation Area Project. Vision Nepal said that a number of banks and financial institutions have expressed interest to invest in the project.

Source: My Republica; 16 November 2017

CTGC and NEA forge agreement to construct West Seti Hydropower Project

The China Three Gorges Corporation (CTGC) and Nepal Electricity Authority (NEA) have signed an agreement to jointly invest in the West Seti Hydropower project.

NEA executive director Kulman Ghising and CTGC representative signed on the agreement paper Thursday.

The planned West Seti Hydropower Project will be one of the largest reservoir type hydro projects in Nepal.

The agreement was reached after 10 months of preliminary agreement signed between these two bodies. According to NEA spokesperson, Parbal Adhikari, as per the agreement, a joint company would be established to make joint investment for the project.

Accordingly, the Chinese company will invest 75 percent of the construction cost while 25 percent shall be borne by the NEA. The project is estimated to cost Rs. 160 billion. RSS

Source: The Himalayan Times; 16 November 2017

92pc Upper Tamakoshi project work completed

Ninety-two per cent of work under the Upper Tamakoshi hydropower project is learnt to have been completed so far. The 456 MW hydropower project is being built at Lamabagar of Bigu Rural Municipality-1 in Dolakha. The project was to be completed by the end of the last fiscal year. However, it could not happen due to the 2015 earthquakes and the ensuing border blockade.

According to the project spokesperson Dr Ganesh Neupane, around 38.83 billion rupees has been spent on the project so far. "Till now, a little more than 92 per cent construction work has been completed," he added.

The project is expected to come into operation from January, 2019.

Source: The Himalayan Times; 17 November 2017

Three Gorges, NEA, seal deal to form joint venture

Pushpa Raj Acharya

Ten months after Nepal Electricity Authority and China Three Gorges International Corporation inked a joint venture agreement, the power authority and CTGIC today signed a deal to form a joint venture company to develop the 750-megawatt West Seti Hydropower Project. Though the NEA board, led by energy secretary, had endorsed the JVA allowing the authority to form a joint venture company to expedite the National Priority Project, CTGIC had taken a longer time to endorse the JVA through its board.

The agreement signed today between NEA Managing Director Kulman Ghising and Yao Feixiong, director of investment department of CTGIC, has paved the way for forming a joint venture company to take forward the project. The joint venture company will develop a business plan to execute the project and the project development agreement will be signed with the Investment Board Nepal.

Maha Prasad Adhikari, CEO of IBN, which looks into implementation of hydropower projects with generation capacity above 500 megawatts, has said that NEA and CTGIC have been told to form the JVC as early as possible since the project initiation date has already passed. As per the memorandum of understanding signed between Investment Board Nepal and the CWE Corp — a subsidiary of CTGIC — in February 2012, construction of the project was supposed to begin in 2014.

The Chinese company has so far carried out the detailed study of the project. The project is likely to be completed in 79 months at a tentative cost of \$1.81 billion.

NEA will have 25 per cent equity investment in the JVC, whereas CTGIC will hold three-fourth of the stake in the company. The company has to allocate 10 per cent shares to the public.

Earlier, the Chinese company had put forth a number of conditions to invest in the project, including capitalising the expenses incurred by CTGIC in conducting necessary studies of the project and had sought assurance of market for the electricity generated.

It had also said that since NEA was a joint venture partner in the project, the authority should step in as guarantor to obtain loan (from Exim Bank of China or any other Chinese bank) for investment in the project. The Chinese company has also sought special consideration in share allocation for locals. As per the rules, allotment of 10 per cent shares to locals of the project site area is mandatory for hydel projects. However, CTGIC is unwilling to allot shares to locals. CTGIC had also expressed concerns about tariff policy of NEA.

According to NEA Spokesperson Prabal Adhikari, no deal has been struck on CTGIC concerns. “The joint venture company — West Seti Hydropower Development Company — will deal with the issues once the JVC is formed,” said Adhikari.

The joint venture company will be formed after IBN approves the JVA and the investment proposal of CTGIC. The West Seti Hydropower Development Company will be governed by the board in which CTGIC and NEA will appoint members.

Located in the far western region of Nepal, the 750-MW West Seti will be developed as a reservoir project, with plans to sell the generated electricity in the domestic market. As per the tariff policy of NEA, the project can sell electricity at Rs 12.40 per unit during dry season (from December to May). It has to supply at least 35 per cent of total annual electricity generation during the dry season. Likewise, reservoir projects get Rs 7.10 per unit during wet season (from June to November) for 50 per cent of the total annual electricity generation and the tariff will go down by a similar percentage for the excess energy (above 50 per cent in wet season).

As foreign investment joint venture, the company can sign US dollar-denominated power purchase agreement with NEA for 10 years or until the payback period of foreign loan portion, whichever comes first.

