

Source: The Kathmandu Post; 2 Dec 2017

Defunct Likhu 4 hydro revived after 7 years

TIKA PRASAD BHATTA

The Likhu 4 Hydropower Project, which was abandoned by an Indian developer seven years ago, has been revived. The project languished in limbo due to an unresolved issue regarding the wheeling charge, or the energy export fee.

The proposed scheme is located on the Likhu River in Ramechhap district. The powerhouse will be built in Khijidemba Rural Municipality in Okhaldhunga.

Bhilwara Energy Limited of India had initiated the project in 2008. It was to be an export-based project, and the electricity generated would be supplied to India. The Indian promoter had expected to generate 120 MW of electricity.

Work on the project came to a halt after a 20-km road from Halede to Dhobi in Ramechhap had been upgraded. The project developer had also built a new road from Dhobi to Limti in Okhaldhunga.

The scheme was expected to cost Rs1.6 billion then.

The estimated power output has now been revised downward to 52.4 MW by the new promoters. On Wednesday, the investors, Trilochan Agrawal and Subash Sanghai, inaugurated the project at the proposed site of the powerhouse.

“The generation design has now been revised downward. We have signed an agreement to sell the electricity produced by the project to the Nepal Electricity Authority (NEA),” said Badri Rijal, manager of the project. He added that the power would be evacuated through the NEA’s new Khimti substation.

The project will construct a 17 km transmission line of 220 kVA capacity from Khijidemba to Devitar in Manthali Municipality. Rijal said that construction of the project would begin formally on Friday.

The contract for the civil works has been awarded to an Italian company, Cooperativa Muratori e Cementisti di Ravenna (CMC), which is also the contractor for the Melamchi Water Supply Project.

The project has aimed to start generating power within 30 months. The estimated cost of the plant is Rs9.54 billion.

The resumption of the project has cheered locals, said Nepali Congress leader Ram Hari Khatiwada. “The project will not only address the country’s energy deficit but also bring economic prosperity to the region.”

He said that the Likhu River had a potential to generate 500 MW of electricity. “Other projects will also be developed gradually.”

The project site, which had remained almost deserted after the Indian company pulled out, has been revitalized. “We are expecting better days ahead,” said Chandra Raut, a local. Land prices have started to go up after the project was brought back.

Source: The Kathmandu Post; 2 Dec 2017

Energy sector can attract Rs28.93t in foreign capital

Nepal can attract more than Rs28.93 trillion in foreign capital into the energy sector by 2045 if it makes foreign direct investment (FDI) a top priority by pursuing an accelerated power trade strategy, experts said Friday. If Nepal's goal is to expand the economy at a faster rate, it's important to recognise the necessity of FDI, they said. Nepal has to realise that two energy-hungry and populous countries, India and Bangladesh, are potential power trading partners for Nepal, they said.

"Nepal can increase its power capacity substantially through FDI. There is no point delaying things further," said Prof Kirit Parikh, chairman of Integrated Research and Action for Development, presenting a paper entitled 'Consequences of Nepal India Electricity Trade'.

He was speaking at a high-level round table discussion entitled Regional Cooperation for Power Trade: Nepal India Perspective, under USAID's South Asia Regional Initiative for Energy Integration (SARI/EI). Run-of-the-river type plants to harness energy are the cheapest and easiest to construct, Parikh said. In addition, run-of-the-river plants cause less environmental impact and human displacement compared to storage-type plants. However, a number of storage-type hydro projects are required to meet domestic demand, he said.

With accelerated power trade, net annual export revenue from electricity trade would be Rs310 billion in 2030, Rs840 billion in 2040 and Rs1,069 billion in 2045, he said.

The gross domestic product (GDP) in 2045 with accelerated power trade is 39 percent higher than in the current scenario (base year 2012). "Investments in 2045 with accelerated power trade become 33 percent of GDP, suggesting even more robust economic growth in the future," he said.

As trade promotes industrialisation, which creates better paying employment, share of industry in GDP becomes 30 percent compared to 21 percent in the current scenario.

The power capacity increases to 34.4 GW in 2045 with accelerated power trade compared to only 8.9 GW without trade currently.

The hydro potential in South Asian countries of 350,000 MW—India 150,000 MW, Nepal 83,000 MW, Bhutan 30,000 MW, Pakistan 60 MW and so on—is the largest untapped potential in the world.

But Nepal, home to around 6,000 rivers, rivulets and tributaries, as of now, has the installed capacity of less than 1,000 MW, whereas peak demand stood at around 1,385 MW in the last fiscal year, as per the Economic Survey 2015-16.

"Conversations gap between the South Asian regions in the last 20 years is going on. This has impeded growth," said Manjeev Singh Puri, Indian ambassador to Nepal. "We have been talking about the huge potential of hydropower since the last two decades.

But where is this. We don't have a single project in many years," he said. It is for this reason that the per capita annual electricity consumption is one of the lowest in the region, he added.

"If you want a large change, it won't come from small process. One or two MW cannot make any difference. It's a large project that will make things happen and benefit all of us. Obviously there are some issues that we have to talk."

Puri said that the technology evolution would not wait for anyone. For example, producing a unit of hydro energy costs IRs4 while wind power was auctioned at Rs2.64 per unit and solar at Rs2.42 per unit in India recently. "It's time for us to act before it becomes too late as we are habituated to delaying things, whether it's Nepal or India."

Source: The Kathmandu Post; 2 Dec 2017

IBN, MoE lock horns on dealing with hydel projects

The widening rift between the Ministry of Energy (MoE) and Investment Board Nepal (IBN) caused by the overlaps in jurisdiction to take forward hydropower projects of over 500 megawatts is likely to affect the fate of the 680-megawatt Betan Karnali Hydroelectric Project, which is being initiated by the Employees Provident Fund (EPF). The MoE had issued the survey licence of the Betan Karnali Hydropower Project to EPF, to take forward the project by making equity investment from its contributors in the third week of May this year. The ministry had handed over the licence to EPF on the grounds of Section (35) of the Electricity Act, which allows the ministry to hand over the contract of hydropower projects and transmission line projects based on a bilateral negotiation with a reliable party.

The EPF has proposed to make 40 per cent of the investment from contributors, and around 600,000 contributors of the EPF will get shares of the hydropower project.

Betan Karnali is the largest capacity project in the country that is going to be developed through domestic resources as proposed by the EPF. After obtaining licence from the ministry, the EPF has started generating funds to invest in the project from the certain interest income of the depositors against the promise to provide them shares of the hydroelectric project. It has also proceeded to hiring a consultant to prepare the detailed project report (DPR) of the project, according to Deepak Rauniyar, acting administrator of EPF.

However, the IBN has shown dissatisfaction on the ministry's move by issuing licence of an above-500-megawatt project, which IBN officials claim falls under the jurisdiction of the board.

"The Investment Board Act, 2010 clearly defines the role of IBN in dealing with projects with capacity of 500 megawatts and above. Thus, the provision of the Electricity Act, 1992 has no relevance after the government set up a separate institution to deal with mega hydropower projects," one of the high-ranking officials at IBN claimed.

The IBN had even sought a legal recourse and filed a case in court against the decision of the MoE to award the survey licence of a separate hydropower project, Tamakoshi III, to TBI Holdings through bilateral negotiation. The apex court recently issued a stay order in favour of the IBN.

If the IBN wins the case during final hearing, the same precedence will work for other 500-megawatt and above projects that have obtained licence from the ministry through bilateral negotiations.

Officials of the MoE declined to comment on the sub-judice case related to Tamakoshi III, but said the MoE had issued licenses utilising the rights provided by the prevailing act.

"The Investment Board Act has not superseded (replaced) the Electricity Act and the MoE has the right to issue licence for all strategic projects, including transmission lines," said Dinesh Kumar Ghimire, spokesperson for MoE. "Bilateral negotiation with a reliable party based on the standard terms and conditions ensures early execution of the projects."

He also said that the MoE has not dealt with the projects that IBN is overseeing, and both are government institutions.

IBN selects the developer through competitive bidding as per the established rules. However, the Electricity Act has provided authority to the MoE to issue licence based on bilateral negotiations. Surveyed by Japan International Cooperation Agency (JICA) in 1982, the 680-megawatt Betan Karnali Hydroelectric Project is a low-cost, high-capacity project. The cost of the project is expected to hover around Rs 70 billion. The nature of the project is peaking run-of-the-river and the project can commission power as per the installed (rated) capacity for six hours a day. The project is also expected to help in bringing socio-economic transformation of the mid-west and far-west region, as per Rauniyar.

Source: The Himalayan Times; 3 Dec 2017

IBN, MoE lock horns on dealing with hydel projects

The widening rift between the Ministry of Energy (MoE) and Investment Board Nepal (IBN) caused by the overlaps in jurisdiction to take forward hydropower projects of over 500 megawatts is likely to affect the fate of the 680-megawatt Betan Karnali Hydroelectric Project, which is being initiated by the Employees Provident Fund (EPF). The MoE had issued the survey licence of the Betan Karnali Hydropower Project to EPF, to take forward the project by making equity investment from its contributors in the third week of May this year. The ministry had handed over the licence to EPF on the grounds of Section (35) of the Electricity Act, which allows the ministry to hand over the contract of hydropower projects and transmission line projects based on a bilateral negotiation with a reliable party.

The EPF has proposed to make 40 per cent of the investment from contributors, and around 600,000 contributors of the EPF will get shares of the hydropower project.

Betan Karnali is the largest capacity project in the country that is going to be developed through domestic resources as proposed by the EPF. After obtaining licence from the ministry, the EPF has started generating funds to invest in the project from the certain interest income of the depositors against the promise to provide them shares of the hydroelectric project. It has also proceeded to hiring a consultant to prepare the detailed project report (DPR) of the project, according to Deepak Rauniyar, acting administrator of EPF.

However, the IBN has shown dissatisfaction on the ministry's move by issuing licence of an above-500-megawatt project, which IBN officials claim falls under the jurisdiction of the board. "The Investment Board Act, 2010 clearly defines the role of IBN in dealing with projects with capacity of 500 megawatts and above. Thus, the provision of the Electricity Act, 1992 has no relevance after the government set up a separate institution to deal with mega hydropower projects," one of the high-ranking officials at IBN claimed.

The IBN had even sought a legal recourse and filed a case in court against the decision of the MoE to award the survey licence of a separate hydropower project, Tamakoshi III, to TBI Holdings through bilateral negotiation. The apex court recently issued a stay order in favour of the IBN.

If the IBN wins the case during final hearing, the same precedence will work for other 500-megawatt and above projects that have obtained licence from the ministry through bilateral negotiations.

Officials of the MoE declined to comment on the sub-judice case related to Tamakoshi III, but said the MoE had issued licenses utilising the rights provided by the prevailing act.

"The Investment Board Act has not superseded (replaced) the Electricity Act and the MoE has the right to issue licence for all strategic projects, including transmission lines," said Dinesh Kumar Ghimire, spokesperson for MoE. "Bilateral negotiation with a reliable party based on the standard terms and conditions ensures early execution of the projects."

He also said that the MoE has not dealt with the projects that IBN is overseeing, and both are government institutions.

IBN selects the developer through competitive bidding as per the established rules. However, the Electricity Act has provided authority to the MoE to issue licence based on bilateral negotiations. Surveyed by Japan International Cooperation Agency (JICA) in 1982, the 680-megawatt Betan Karnali Hydroelectric Project is a low-cost, high-capacity project. The cost of the project is expected to hover around Rs 70 billion. The nature of the project is peaking run-of-the-river and the project can commission power as per the installed (rated) capacity for six hours a day. The

project is also expected to help in bringing socio-economic transformation of the mid-west and far-west region, as per Rauniyar.

Source: The Himalayan Times; 7 Dec 2017

Chilime's power supply restores

Power generation from the Chilime Hydropower Project which had stopped from Wednesday afternoon has now been restored.

The power generation from the 22 MW-capacity hydel project had stopped after the problems in the power transmission line. The power supply has been restored after fixing the problem with the power transmission tower, Nepal Electricity Authority (NEA)'s spokesperson Prabal Adhikari said.

The Chilime Hydropower Centre said that skilled technicians were invited to resume the power supply through maintenance of the national transmission line.

After the disruption in power supply, the entire northern belt in the district including the district headquarters of Dhunche had remained under the darkness. RSS