

Source: The Kathmandu Post; 10 March 2018

## **Govt to form task force to study West Seti issues**

The government has decided to form a separate committee to study the problems that have arisen in the development process of West Seti hydropower project, including the recent concern related to bankability shown by the project developer. The 29th meeting of the Investment Board Nepal (IBN) that was convened under the chairmanship of Prime Minister KP Sharma Oli today, decided to form a committee led by a secretary at the Office of the Prime Minister and Council of Ministers (OPMCM) to look into all the concerns of the 750-megawatt hydel project and suggest IBN regarding a possible 'way forward'.

This decision of the government has come after China Three Gorges Corporation (CTGC) — developer of the West Seti hydropower project — recently put forth some conditions related to bankability of project based on current tariff policy of NEA.

During a recent meeting with Nepal Electricity Authority (NEA), officials of CTGC had requested the power utility for the capitalisation of earlier investment in the project cost (during study phase) and that NEA and CTGC should share the cost at 25 and 75 per cent ratio thereafter.

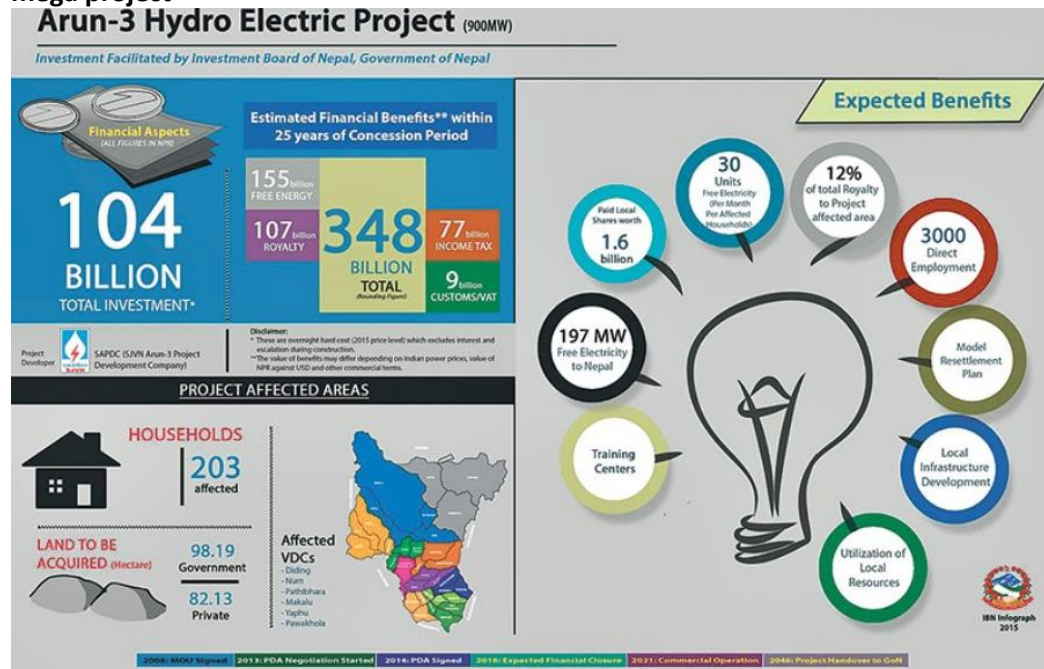
Moreover, CTGC has also asked NEA to ensure 17 per cent rate of return citing that the authority will also have to incur losses as it will have 25 per cent stake in the company.

The yet-to-be-formed committee of the government will have to submit its study report and suggestions regarding issues related to the West Seti hydel project to IBN within one month of the committee being formed. Along with a secretary from OPMCM, the committee will comprise representatives from the Ministry of Energy (MoE), Ministry of Finance (MoF), IBN and CTGC. Meanwhile, the IBN meeting has also authorised the chief executive officer of IBN to issue electricity generation licence to Satluj Jal Vidyut Nigam Ltd (SJVNL) — the developer of the 900-megawatt Arun III hydroelectric project — after all legal procedures have been fulfilled. On the occasion, Prime Minister Oli urged all state entities and government officials to function properly and accomplish their duties promptly and responsibly so that the nation can achieve planned development targets on time.

Source: The Kathmandu Post; 10 March 2018

## SJVN Arun-3 set to get generation licence

mega project



SJVN Arun-3 Power Development Company (SAPDC), the developer of 900MW Arun-3 Hydroelectric Project, is all set to get the generation licence. The 29th board meeting of the Investment Board Nepal (IBN) on Friday decided to mandate its CEO to license the Indian developer.

The IBN will now publish a 35-day public notice stating its intent to award the licence to the Indian firm. "If any stakeholder makes a claim against project development or shows any concern within 35 days, it will be addressed before our CEO awards generation licence to the company," said Madhu Prasad Bhetwal, joint-secretary at the IBN.

The SAPDC, around one-and-a-half months ago, had applied for generation licence of the project located in Sankhuwasabha district. It has already hired the contractor for the first package of civil works that includes construction of dam, diversion tunnel, intake tunnels and head race tunnel.

The contractor has already mobilised a team to the proposed dam site. The project developer is in the process of hiring contractors to build a power house and transmission lines, and to execute electro- and hydro-mechanical works.

The IBN and SJVN, the Indian government-owned entity, signed an agreement in November 2014 for the development of Arun-3 hydropower project. The project was supposed to start energy generation by 2020 as per the agreement.

But that deadline is unlikely to be met as the financial closure deadline has been pushed back twice by one year and six months. Yet, the project has achieved important milestones like acquisition of private land and is in the process of acquiring public forest land.

According to the IBN, Nepal will receive Rs348 billion over 25 years from the 900 megawatt project. The project developer will also provide 21.9 percent of the energy generated free of cost, which is worth Rs155 billion, plus another Rs107 billion in royalties.

**Board forms panel on West Seti project**

KATHMANDU: The 29th board meeting of Investment Board Nepal (IBN) on Friday formed a committee to suggest the government ways to take forward development of the 750MW West Seti Hydropower Project, which is in limbo after the Chinese developer of the project asked Nepal to increase the power purchase rate of the project.

The board meeting chaired by Prime Minister KP Sharma Oli formed a committee led by Mahendra Gurung, secretary at the Prime Minister's Office, to undertake a study and present a report to the board within a month. The team includes technical officials from the Nepal Electricity Authority (NEA) and a joint-secretary from the Energy Ministry. (PR)

Source: The Kathmandu Post; 11 March 2018

## **Budhi Gandaki project faces another hurdle**

The development of Budhi Gandaki Hydropower Project has once again hit a snag with the Ministry of Energy failing to receive an official letter from the Prime Minister's Office about the Cabinet's decision to provide viability gap funding (VGF) for construction of the 1,200MW project.

A Cabinet meeting held on February 9 had decided to provide Rs94 billion in VGF for development of the storage project. The VGF is equivalent to around a third of the project's estimated cost. VGF is provided to important infrastructure projects that are not financially feasible. The estimated cost of the project located in Dhading and Gorkha districts is \$2.6 billion (approximately Rs270 billion).

It has been a month since the decision to provide VGF was made. But the Energy Ministry is yet to get an official letter from the Prime Minister's Office about the decision.

"We cannot work on the project unless we get an official letter," said an official of the Energy Ministry on condition of anonymity. "But it is less likely that the new government will take ownership of the decision made by the previous government. So there are high chances of the government coming up with other plans to develop the important hydropower project in the central region."

Recently, a report prepared by the National Planning Commission (NPC) had recommended that the government provide VGF to build the project. The report was submitted to former energy minister Kamal Thapa who tabled the proposal at the Cabinet.

If the project is built through a special purpose vehicle, the government should provide VGF of Rs94 billion to the developer, says the NPC report. This money is required to acquire land for the project and resettle locals who will be displaced by the project. If this amount is deducted from the project cost, the developer will have to invest only Rs176 billion in the hydro project. This will raise the return on investment, according to the report.

The NPC started looking for implementation and funding modalities for construction of the Budhi Gandaki Hydropower Project after the Sher Bahadur Deuba-led government terminated the memorandum of understanding signed with China Gezhouba Group Company to build the scheme under the engineering-procurement-construction-and-financing (EPCF) model.

After cancelling the agreement with the Chinese company, the government decided to build the project using domestic financial resources via state-owned Nepal Electricity Authority. Subsequently, a committee was formed under then NPC vice-chairman Swarnim Wagle to look for financing options to build the crucial energy project.

Source: My Republica; 12 March 2018

## **No progress in Pancheshwar project in two decades**

*RAJENDRA BHATTA*

It has already been two decades since Nepal and India agreed to jointly develop Pancheshwar Multipurpose Project on Mahakali River in far-western Nepal. But the project is yet to enter construction phase.

The project was expected to generate more than 5,000 MW of hydropower -- 4,800 MW from the Pancheshwar project alone and 240 MW from Rupali Gad.

A survey conducted between 1993 and 1995 had concluded that the national pride project could produce up to 6,480 MW. But another survey conducted thereafter showed that 4,800 MW of could be generated.

As per the Mahakali Treaty, the Detailed Project Report (DPR) for the project was to be prepared within the first six months of the agreement, arranging resources for construction within a year, and complete construction of the project within eight years. However, the two countries have not been able to prepare the DPR alone.

Although the Nepali side has prepared the Environmental Impact Assessment (EIA) Report, which took 11 years to complete, the same has not been completed from India's part.

According to Dilip Kumar Saraula, executive director (environment) of Pancheshwar Development Authority (PDA), Nepal completed the study report in 2011 itself.

The EIA Report shows that the project will submerge 102 villages in Nepal, displacing 2,930 households. The 300-meter tall project's dam to be constructed at an altitude of 680 meters will submerge nearly 90 km of land stretching from Dattu in Darchula which 65 km upstream of the dam Pancheshwar dam to Rupali Gad, 25 km south of the dam, where a 83-meter tall regulating dam will be built.

The project will also affect 2,800 hectares of forest land, and 658,000 trees will have to be felled, according to the report. The project will submerge 11,600 hectares of land -- 4,000 hectares in Nepal and 7,600 hectares in India - of which 2,000 hectares is cultivable land.

The mega project will irrigate 13,000 hectares of land in Kailali and Kanchanpur districts.

Indian company WAPCOS Ltd has prepared draft DPR of the project. But it is yet to be finalized as Nepal has expressed reservations on some points.

Two meetings between officials of both the countries to finalize DPR have ended without conclusion. Now, preparation is going on to hold third meetings to resolve all issues related to the DPR, according to Saraula.

He also added that Pancheshwar Development Authority and the Uttarakhand State government of India were preparing policies or rehabilitation of people to be displaced by the project in Nepal and India, respectively.

The two governments signed Pancheshwar Project on February 12, 1996.

Source: The Kathmandu Post; 12 March 2018

## **Kabeli power line project overcomes major hurdle**

A major hurdle in the construction of the Kabeli Corridor Transmission Line was removed with locals of Siddhithumka in Deumai Municipality-7 agreeing to allow the project to conduct a survey of the land, property and trees that will be affected.

The national pride project in Ilam district has been held up due to disputes over compensation and the alignment of the power line.

Talks held Saturday between the Nepal Electricity Authority (NEA), project's office, Deumai Municipality and locals ended with an agreement to assess the value of the land, buildings and trees that will be affected by the construction of the power line and pay compensation to the residents as per prevailing laws, the NEA said in a statement.

The construction of the 90.2-km double circuit transmission line is divided into three sections. The first section from Damak to Godak is complete, and the third section extending from Phidim (Thapatar) to Taplejung is at the final stage. The second section from Godak to Phidim was delayed due to protests by locals.

Locals of Siddhithumka had demanded 100 percent compensation for an easement on their land and a realignment of the transmission line, blocking the construction of 11 towers in the area.

The transmission line will be used to feed almost 100 MW of electricity produced by the private sector in Panchthar and Taplejung to the national grid.

NEA Managing Director Kulman Ghising, senior official Bajra Bhusan Chaudhary, project director Ranjan Chalise and head of the Biratnagar Regional Office Sachidananda Yadav held talks with dissatisfied locals at the project site.

"The NEA is willing to address the genuine demands of locals. If they keep obstructing the construction of this national pride project, the NEA will have to pay a penalty to electricity producers due to delays in the project, and power will have to be imported from India while domestic production will go to waste," Ghising said.

"According to prevailing laws, the NEA cannot pay more than 10 percent compensation for 9 metres of land on each side of the transmission line as demanded by locals." The law states that 100 percent compensation will be paid for land where the tower is built and 10 percent compensation for right of way on land over which the transmission line passes.

Chairman of Deumai Municipality Surya Prasad Pokhrel said, "Locals should not create unreasonable demands to obstruct the national pride project." He added that the municipality was willing to facilitate the construction by removing obstructions.

The construction of the Kabeli Corridor Transmission Line, which began 10 years ago, has been delayed by political instability, negligence of the contractor, obstruction by landowners, difficult terrain and delayed permission for cutting trees.

The project is slated to be completed by mid-July this year. A total of 263 towers will be erected for the transmission line. It will feed the power generated by hydroelectricity projects in Kabeli, Hewa and Mai rivers in Panchthar and Taplejung to the national grid. The transmission line extends over various parts of Jhapa, Ilam, Panchthar, Tehrathum and Taplejung districts.

Source: The Kathmandu Post; 15 March 2018

## **Alignment of Nepal-China power line to be finalised**

*BIBEK SUBEDI*

The Nepal Electricity Authority (NEA) is ready to finalise the alignment of the first Nepal-China cross-border transmission line extending from Rasuwagadhi to Kerung. The state-owned power utility has temporarily selected a route that avoids Langtang National Park as much as possible.

A preliminary feasibility report prepared by the NEA has identified three potential routes for the construction of the cross-border power line. Two of them intrude more than 10 km into the national park while the third one extends only 5 km inside the park.

“The third route is also under consideration as we want to completely avoid the park while developing the power line,” said Komal Atreya, chief of the monitoring department of the NEA who has been appointed as the focal person to coordinate with the Chinese side. “After we confirm the best possible route among the three alternatives, we will sit down with Chinese officials to finalise the deal.”

The Energy Ministry has submitted the preliminary feasibility report with the three possible routes to State Grid Corporation of China (SGCC), the Chinese government appointed focal institution for the development of the power line between China and Nepal. The 80-km transmission line, according to the report submitted to the Chinese side, will link Galchhi in Dhading district with Rasuwagadhi on the border with China in the north.

Nepal has also sought financial assistance to build the transmission line which is estimated to cost Rs10 billion. According to the NEA, the Chinese side is very keen on developing this project and has prioritized it.

SGCC officials visited Nepal in early 2017 to hold talks with the Energy Ministry and the NEA to build a 400 kV power line linking Rasuwagadhi and Kerung across the northern border. During the meeting, NEA Managing Director Kulman Ghising asked the Chinese delegation to extend the proposed transmission line further south up to Galchhi so that the power line could be linked to the Nepal-India cross-border transmission line proposed to be built in Rupandehi district. The SGCC officials were positive about Ghising’s proposal.

As the transmission line is necessary to supply electricity to the railway service which China plans to build up to Kathmandu, the northern neighbour is very keen on developing it. China has already erected a high voltage transmission line up to Shigatse, and if the Nepal government shows adequate commitment, they have agreed to extend it to Kerung within one and half years, and ultimately connect it with the power line in Nepal, according to the NEA.

Source: The Kathmandu Post; 15 March 2018

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Source: My Republica; 16 March 2018

## **Super Nyadi achieves financial closure**

Siuri Nyadi Power Limited has reached financial closure to build Super Nyadi Hydropower Project (40.27 MW).

The company has signed financing agreement with a consortium of six banks led by NMB Bank. The other banks in the consortium are Prabhu Bank Limited, Mega Bank Limited, Kumari Bank Limited, Century Commercial Bank and NCC Bank Ltd.

The consortium will finance 75 percent of the project's total cost of Rs 7 billion.

Promoters of Siuri Nyadi Power Limited, including lead promoter Ngadi Group Power Limited, will invest the remaining 25 percent.

Shailendra Guragain, chairman of the company, and representative of different banks signed the agreement amid a program organized in Kathmandu on Wednesday.

The company had signed Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA) in June last year.

The project will be developed on Nyadi River located in Marshyangdi Rural Municipality of Lamjung. Water from the river will be diverted into a desanding basin before flowing through a 6.76-kilometer tunnel to the powerhouse. Thereafter, the water will flow to the underground powerhouse through two penstock pipes to generate 235.46 GWh annually.

The company has said that the plant will help in reducing energy crisis in the country, according to a press statement issued by the company.

Source: The Himalayan Times; 16 March 2018

## **Construction of Arun-III hydro likely to begin by April-end**

Construction works of Arun-III hydroelectric project is expected to begin by the end of April as SJVN Arun-III Power Development Company, a subsidiary of Satluj Jal Vidyut Nigam Ltd, is all set to award the construction contract of the power house this month. The company had awarded construction contract of dam site last month and the contractor – JP Construction – has already started supplying the construction materials.

According to SK Sharma, managing director of SJVN Arun-III Power Development Company, construction works will begin by the end of April as the company will be awarding the construction contract of Lot-I and Lot-II within this month. The construction period of the project is five years.

“The major works for the hydropower project is the construction of headrace tunnel and we will do our best to complete the project within the stipulated time of five years,” said Sharma.

The 900-megawatt project was supposed to be constructed under the assistance of the World Bank Group some two decades back. However, political polarisation and protests against the reservoir projects back then forced the World Bank to walkout. The project was later awarded to the SJVN, a state-owned company of the Indian government, through competitive bidding some 10 years ago. Arun-III is an export-based project, which will bring the largest ever foreign direct investment (FDI) from India worth \$1.2 billion. Apart from the local share and free energy to the affected area, the government will get Rs 330 billion as royalty in the period of 20 years and the project will also provide 21.9 per cent of the generated energy free of cost.

The project will generate 400 million units of power every year.

The developer will hand over the ownership of the project to the government of Nepal after 20 years of commercial operation.

The government of India has already approved the investment plan of SJVN in Arun-III. And the latest meeting of the board of directors of the Investment Board Nepal, led by Prime Minister KP Sharma Oli, has authorised the IBN to issue generation licence to SJVN Arun-III Power Development Company.

The IBN and SJVN inked a pact in November of 2014 for the development of Arun-III hydropower project. The project was supposed to start energy generation by 2020 as per the agreement. However, the project is now expected to be completed by early 2023, as per the target set by the company.

Source: The Kathmandu Post; 16 March 2018

## **Upper Tamakoshi hydro IPO plans hit snag with locals**

*RAJENDRA MANANDHAR*

The Upper Tamakoshi Hydropower Project's plan to issue 25 percent ordinary shares to project affected people has hit a snag with locals bickering for more shares. The 456MW hydropower project being developed in Dolakha district was planning to launch an initial public offering equivalent to 25 percent of the stakes worth Rs2.63 billion by the end of March. As mandated by District Coordination Committee (DCC) Dolakha, the project had categorised district locals into three groups—severely affected, moderately affected and least affected, with the first group getting the most shares.

But the project's plan has come to a halt after some of the locals from the moderately affected category launched a protest demanding them to place in the severely affected category. Likewise, the locals that are categorised as least affected have demanded to be placed in the moderately affected category.

The recent development means the project which was in line to get approval from Securities Board of Nepal (Sebon), the regulator of the securities market will have to halt its plan for now. The Sebon has also asked the project office to resolve the issue with locals and re-apply for the IPO.

The project office said it was ready to make amendments in share allocation if it is mandated by the DDC. "We have asked the DDC Dolakha to provide us the modality for the share allocations," said Ganesh Raj Neupane, spokesperson of the project.

The delay in issuing the ordinary shares, however, will affect the project which will now have to rely on loans to fund the ongoing construction. "It will slightly increase our project costs," said Neupane. The Upper Tamakoshi Hydropower Project has been identified as a strategic scheme as it is expected to end the country's power woes. The power plant's first unit is slated to start generating electricity by December this year while the remaining five units are expected to come online by April 2019.

Around 94 percent of the construction has been completed, but work has slowed to a crawl. Project officials blame the poor state of the road linking the project site in Dolakha for the sluggish progress. The condition of the 60-km road from Khadichaur to Charikot, Dolakha is very poor, and the project office is facing difficulties transporting heavy electromechanical equipment that need to be installed at the hydropower plant.

The Upper Tamakoshi project, located east of Kathmandu, is being built using domestic financial resources. The national pride project was originally scheduled to be completed in mid-July 2016, but the earthquakes, Indian trade blockade and various technical and social issues pushed back the completion date.

Source: The Kathmandu Post; 16 March 2018

## **Upper Trishuli 3A may come online ahead of schedule**

About 70 percent of the construction work on the Upper Trishuli 3A Hydropower Project has been completed, putting it on track to start generating electricity well ahead of its April 2019 deadline. The 60 MW plant in the north of Kathmandu had been engulfed in uncertainty after the contractor, China Gezhouba Group Company (CGGC), halted all work citing heavy damage to the access road and dam during the 2015 earthquake. The Chinese company resumed work after the government had the access road repaired by the Nepal Army. Progress has been satisfactory since then.

A majority of the civil works have been completed, and hydro and electromechanical works are also being carried out at an accelerated pace, said state-owned power utility Nepal Electricity Authority (NEA) which owns the project.

“We have completed around 85 percent of the civil works,” said Ambikesh Jha, the NEA appointed site in-charge of the project.

“The contractor has almost completed repairing two out of the four gates of the dam that were slightly damaged by the earthquake. By the end of March, the two gates will be repaired, and the rest will be repaired by April.”

The Chinese contractor has completed the excavation of a 4.1-km headrace tunnel. Similarly, the construction of a powerhouse is progressing on a war footing. The construction of the foundation where the power plant’s turbines will be installed is almost complete.

The power plant will have two turbines, each with a capacity of generating 30 MW of electricity. The project is planning to install the turbines before the monsoon. Meanwhile, a technical team of the Nepal Army is working to mitigate landslide risks on both sides of the dam as demanded by the contractor.

Landslides triggered by the tremor affected areas close to the dam site, posing a threat to the safety of workers. The army team has completed shotcreting the hillside on the right side of the dam. The process involves spraying concrete on the surface of hills to prevent landslides. To prevent landslides on the left side of the dam, the army is building fences with a special type of wire. The army has built a small cable car to transport construction materials, and is likely to complete the netting and fencing works on the hill in a couple of months. The NEA is building the 60 MW project located in Rasuwa and Nuwakot districts with a concessional loan of \$114.7 million from the Export-Import (Exim) Bank of China.