

Source: The Kathmandu Post; 8 April 2018

## **NEA urges govt to take final decision on Tamor project**

*BIBEK SUBEDI*

Nepal Electricity Authority (NEA), the state-owned power utility, has asked the Ministry of Energy to take a final decision on increasing the installed capacity of Tamor Hydropower Project to 762MW.

NEA made the request as enhancement in capacity of the storage-type hydropower project will inundate two other downstream hydropower plants that are under construction, raising the need to pay billions of rupees in compensation.

The Department of Electricity Development (DoED) has currently allowed the power utility to conduct a feasibility study on building Tamor Hydropower Project with installed capacity of 200 MW.

NEA is now planning to increase the project's installed capacity to 762MW. If the project is built at a higher capacity, 37.5 MW Kabeli-A and 21.5 MW Lower Hewa hydropower projects will be inundated.

"NEA really wants to enhance the installed capacity of the project, but billions of rupees will have to be paid in compensation to two other schemes," said NEA Deputy Managing Director Rajeev Sharma, who is looking after the project. "So to move ahead with this plan, we need Energy Ministry's green signal."

Although NEA has initiated informal talks on compensation with promoters of Kabeli-A and Lower Hewa projects, it needs the backing of the Energy Ministry to start final round of negotiations. NEA has already applied for a survey licence at the DoED to conduct a feasibility study on increasing the installed capacity of Tamor Hydropower Project. The DoED has asked NEA to first get consent of the two downstream projects.

Even though enlarging the Tamor Hydropower Project to 762 MW will directly impact projects being built downstream, experts say that larger national interest should be taken into account. Lately, the Asian Development Bank (ADB) has also shown interest to bear the cost of conducting detailed feasibility study on enhancing the installed capacity of the Tamor project to 762 MW. It has also expressed interest to prepare the detailed project report (DPR) of the proposed 762 MW project. But the multilateral lender has first asked NEA to convince two other developers to abandon their projects in exchange for compensation. If NEA is successful in convincing them to drop their plans, the multilateral lender has agreed to provide a \$6.5 million grant to conduct the feasibility study.

In 1985, the Japan International Cooperation Agency (Jica) had proposed to build a 696 MW hydroelectric project on the Tamor River by building a 153-metre-high dam. However, the government did not show much interest in the proposal at that time.

However, NEA management is now very keen on developing the project with increased installed capacity. It believes that upgrading the Tamor project by paying compensation to the smaller schemes is a better option. If the plan materialises, the country's energy production will jump, helping it become self-sufficient in electricity generation and a net exporter.

Source: The Kathmandu Post; 9 April 2018

## **400kV transmission line project comes to halt**

### ***hetauda-dhalkebar-duhabi transmission line***

*SHIVA PURI*

The construction of 400kV Hetauda-Dhalkebar-Duhabi transmission line has come to a halt after the District Forest Office prevented the contractor from installing transmission towers in the forest area.

The office had barred the contractor from installing transmission towers six months ago stating necessary permission was not taken to cut down trees in the forest area.

“One needs to get permission from the Forest Ministry or the Cabinet to cut down trees in forest areas,” said Dirgha Narayan Koirala, district forest officer. “But trees are being cut down here using excavators without taking any permission. This is illegal. That’s why we halted the construction work.”

Koirala informed that Ram Babu Sah, a forest officer, had allowed the contractor to cut down trees at Chetnagar forest area when he was transferred to Rauthat. “But after knowing this was against the law, he had stopped the contractor from moving ahead,” Koirala said, adding, “We will allow the contractor to install transmission towers only if it gets permit from concerned authorities.” The district forest office has also blamed the contractor of not keeping record of trees that were cut down in Chetnagar forest area. “Some of the trunks are missing,” said Koirala. These problems are expected to delay construction of the project being built by India-based Angelique International Limited.

The Hetauda-Dhalkebar-Duhabi transmission line project extends from Hetauda Municipality in Makawanpur district to Duhabi in Sunsari district. The total length of the transmission line, which is being built at a cost of Rs6 billion, is 288.2 km.

The double-circuit transmission line has 23-metre-wide right of way on each side from the centreline of the overhead transmission line.

The project needs to build substations at Bokraha (Sunsari district), Dhalkebar (Dhanusha district) and Hetauda (Makawanpur district). The project also needs to install 319 transmission towers.

“The project deadline is 30 months from now. But the contractor is unlikely to complete its work on time due to all the delays,” said Radhesharan Mahato, chief of the Hetauda-Dhalkebar-Duhabi transmission line project.

Mahato said that the district forest office had prevented the contractor from installing transmission towers as more trees had to be cut down than that mentioned in the permit given to the project.

“We have already informed the Forest Ministry about this. Work will resume once the ministry reviews our case,” said Mahato.

Source: The Kathmandu Post; 10 April 2018

## **GMR offers Upper Karnali power for 10 cents per unit**

*BIBEK SUBEDI*

GMR Energy, the Indian developer of the Upper Karnali Hydropower Project, has made an offer to Bangladesh to sell energy from the plant at 10 cents per unit, a government official said.

GMR officials are visiting Bangladesh to negotiate the power purchase rate for the electricity that will be produced by the project, a GMR source said.

The source told the Post that there was a high chance an agreement would be reached on the price for the energy to be sold to Bangladesh from the 900 MW plant to be built in western Nepal. "We will probably sign a 'term sheet' with the Bangladeshi government to sell 500 MW of electricity via NTPC Vidyut Vyapar Nigam (NVVN) of India," said the source.

"A final agreement will be signed after the rate and conditions mentioned in the 'term sheet' are approved by the Bangladesh Power Development Board."

A term sheet is a nonbinding agreement setting forth the basic terms and conditions which will serve as a template to develop a detailed legally binding agreement in the future. "During the negotiations, the power purchase rate can be bargained down to 9 cents per unit," said the source. Power hungry Bangladesh signed a memorandum of understanding (MoU) with India's NVVN to import electricity from the Upper Karnali scheme via India during Bangladeshi Prime Minister Sheikh Hasina's visit to India in April 2017. As Indian laws don't allow private developers to export electricity produced in third countries over Indian transmission lines, Bangladesh signed an MoU with the state-owned cross-border electricity trading agency while GMR was a witness. The recent development means the Indian developer of the Upper Karnali hydropower plant is close to securing a market for the electricity produced by the project. Nepal will receive 108 MW out of the remaining 400 MW for free while GMR will sell the rest to the government of the Indian state of Haryana.

This will also help GMR to arrange funding for the construction of the power plant because the lender will approve credit only if a market for the electricity to be generated by the project is secured. Once the final power purchase agreement is signed with Bangladesh, the Indian developer will immediately initiate negotiations with multilateral lenders to secure loans to build the plant, according to the GMR source.

GMR needs to conclude the financial closure by September 2018 as per the extended deadline. The Indian company was originally required to complete the financial closure by September 2016 as per the project development agreement (PDA) signed with Investment Board Nepal in September 2014. IBN pushed back the date at the request of the Indian company.

Source: The Kathmandu Post; 10 April 2018

## **Reconstruction of Upper Bhotekoshi project begins**

*ANISH TIWARI*

Reconstruction work of Sindhupalchowk-based Upper Bhotekoshi Hydroelectricity Project, which was destroyed by earthquakes and floods of 2015 and 2016, has begun.

Bhote Koshi Power Company, which owns and operates the 45MW project, has hired a Chinese company to carry out the reconstruction work. The reconstruction work is slated to be completed in the next 22 months. “We are currently clearing rocks that have entered the headworks,” said Bikram Ratna Sthapit, CEO of Bhote Koshi Power Company, adding, “Rebuilding headworks will cost us as much as building a new one. This means we’ll have to invest billions of rupees.”

Upper Bhotekoshi Hydroelectricity Project located in Bhotekoshi rural municipality suspended electricity generation after devastating earthquake of April 25, 2015 caused damage to the plant. As it started repair works, outburst flood in Bhote Koshi River on July 5, 2016 caused more damage to the plant.

Since then the project has been lying dormant.

The project, which started commercial operation in 2001, is the first privately funded, run of the river hydroelectric power project in Nepal.

“Repair works of dam, which was damaged by floods, have already begun,” said Sthapit. The project had started repair works after conducting a preliminary study on extent of the damage. “If things go according to plan, we will complete the repair works within the deadline,” Sthapit added. Locals want reconstruction work of the project to be completed as early as possible, as the sturdy dam at 10 kilo area of Sindhupalchowk prevents flood water from entering villages. Lately, at least five other hydropower projects that are generating electricity from Bhotekoshi River have started repairing their infrastructure.

Upper Bhotekoshi Hydroelectricity Project has been facing numerous hurdles since 2014. In August of that year, flood and landslide in Sindhupalchowk district completely damaged four transmission lines of the company, preventing it from evacuating electricity.

As the project started installing new transmission lines, locals created obstacles, demanding as much as 35 percent stake in the company.

Although demands for stake in a project that had launched its operation more than a decade ago were criticised by many, locals, who had received support from major political parties, did not back off.

Locals allowed the project to start reconstruction work of transmission lines only after the company agreed to transfer ownership of 6 percent stake in the project.

Source: The Kathmandu Post; 11 April 2018

## **Dhalkebar substation to be completed in six weeks**

Telmos Electronic, the Indian contractor working on the Dhalkebar substation, is on track to complete the construction within one and a half months, the Nepal Electricity Authority (NEA) said.

A Chinese company was originally working on the 220 kV substation, but it was fired for delays after finishing most of the work. Around 5 percent of the construction work remained to be done when it was dismissed.

According to the state-owned power utility, Telmos Electronic has seamlessly picked up where the Chinese contractor left off. The Indian company has completed pulling overhead cable lines and is about to finish laying cables on the trenches, said Radhe Sharan Mahato, the NEA appointed chief of the Dhalkebar Substation Project.

Similarly, the company is installing various equipment in the substation at a faster pace. "Looking at the pace at which the contractor is carrying out the construction, it will complete the job within 45 days," said Mahato.

As per the Rs128 million contract signed with the NEA, Telmos Electronic is required to complete the substation within four months from the date of the agreement. The deal was signed in the first week of February, which means the Indian contractor needs to complete the job by the first week of June. However, it is likely the company will complete the construction well before the deadline. Central Power Grid International Economic and Trade Corporation, the Chinese contractor originally hired to implement the project, had completed 95 percent of the work on the substation when it was sent off by the NEA in September 2017 after being fed up with its deliberate delays.

As per the deal signed between the NEA and the Chinese company in June 2014, the substation should have been up and running by September 2015. However, deliberate delays by the contractor led to the deadline being extended for the third time to May 31, 2017, but that deadline too passed after it halted construction without notification.

Subsequently, the power utility published a global tender to select a contractor to complete the remaining work on the substation project and Telmos Electronic was selected to do it.

The substation at Dhalkebar is of strategic importance for the country as it allows the NEA to import more power from India through the Dhalkebar-Muzaffarpur cross-border transmission during the dry season when electricity production by domestic hydropower projects drops.

Currently, the power utility can import up 160 MW of electricity over the cross-border power line. Once the substation at Dhalkebar is completed, the NEA will be able to import an additional 100 MW from India.

The substation will also be crucial to evacuate the power generated by the 456 MW Upper Tamakoshi Hydropower Project which is on the verge of completion. The surplus power produced during the wet season can also be exported to India through the power line.

Source: My Republica; 11 April 2018

## **PM directs to complete Tamakoshi hydel project in time**

Prime Minister KP Sharma Oli has directed the officials and stakeholders to complete the construction works of Upper Tamakoshi Hydropower Project on time, without delaying even a single day.

During his inspection visit to the tunnel and dam site at Bigu Rural Municipality-1 in Dolakha district on Wednesday, the Prime Minister asked the officials to perform their duty responsibly and assist in nation's development process.

The PM said incumbent government would not give space to those working irresponsibly and carelessly. He also said that the project is bearing a loss of Rs 40 million every day due to delay in construction of 456-megawatt project.

Bringing together the Minister for Energy, Secretary at the Ministry of Energy, Executive Director of Nepal Electricity Authority; the PM asked the officials to directly inform him if there were any obstacles in the project development.

Claiming that the current government has advanced in new styles for making the nation prosperous, Oli added no government agency would create problems in development construction works.

As the Chinese contractor company, Sino Hydro was delaying in project construction, the PM had also taken the Chinese Ambassador to Nepal for the onsite visit.

On the occasion, Chinese Ambassador Yu Hong expressed her concerns to the delay in construction works and promised to sort out the issue by holding talks with the key persons of the Sino Hydro Company.

Likewise, Minister for Energy Barsha Man Pun said that Upper Tamakoshi Project should be completed in the given deadline at any cost.

According to the information shared by the spokesperson of the project, 94 percent of the construction works of the project was completed so far.

Similarly, Chief Executive Officer of the Project, Bigyan Raj Shrestha, said supplies of the construction materials is a challenge for the poor condition of the road from Charikot to Lamosanghu.

Shrestha also said that the Chinese company and Indian contractor were not performing satisfactorily and urged the PM to resolve the issue through diplomatic channels sooner than later.

The construction works of the project was extended by two years due to Gorkha Earthquake and Indian blockade on Nepal.

The first unit of the project is targeted to generate power by the last of 2018 while all six units are expected to come into operation from mid-April of 2019.

The cost of the project so far has stood Rs 37.71 billion and the total cost of the project is likely to exceed Rs 49 billion, Spokesperson Ganesh Prasad Neupane said. RSS

Source: My Republica; 12 April 2018

## **Upper Tamakoshi delay causing nation daily loss of Rs 40 million**

*Ramesh Khatiwada*

The country is suffering a loss of around Rs 1.2 billion per month due to delay in the construction of the 456 MW Upper Tamakoshi Hydropower Project, according to project officials. The national pride project was initially expected to be completed by the end of 2015.

The project is being constructed by the Upper Tamakoshi Hydropower Limited, a subsidiary of the state-owned Nepal Electricity Authority.

Briefing Prime Minister KP Oli on the project's work at the project site in Dolakha district on Wednesday, the company's CEO Bigyan Prasad Shrestha said that the delays have caused huge losses to the company.

"We have been paying Rs 15 million as interest on loans while the company is also losing possible income of Rs 25 million taking the total daily loss to Rs 40 million," Shrestha explained to the prime minister. This means the monthly loss is whopping Rs 1.2 billion, according to Shrestha. The progress of work at present is about 94 percent but project officials say that the current delay is due to hydromechanical work.

Shrestha further said, "The Indian firm responsible for hydromechanical work has caused delay citing delay in the supply of penstock pipes from India."

Kolkata-based Texmaco Limited is the contractor for hydromechanical works and there were delays in supplying heavy penstock pipes, which convey water to the powerhouse.

Shrestha said they have been piling pressure on the contractor to complete the hydromechanical work without further delay. Despite these delays, project officials have however pledged to bring the first power generation unit of the project into operation by mid-January of next year.

"Despite these delays we will do our best to start power generation in the next nine months," added Shrestha.

However, there had been also some delays in expanding the Lamosanghu-Jiri road for the supply of heavy construction materials like penstock pipes to the project site. Also the 2015 earthquakes and the Indian blockade hampered the project work.

After visiting the project, PM Oli directed the project officials and contractors to expedite project works and complete the project in given timeframe. Oli along with Energy Minister Barsha Man Pun and Chinese Ambassador Yu Hong had observed dam sites, underground power house and the tunnel among others.

Source: The Himalayan Times; 12 April 2018

## **Complete Upper Tamakoshi hydel project on time, says PM Oli**

Expressing strong reservations against slow pace of works in 456MW Upper Tamakoshi Hydropower Project in Dolakha's Bigu Rural Municipality, Prime Minister KP Sharma Oli has instructed all the concerned authorities to complete the national pride project within the given deadline. Upper Tamakoshi Hydropower Ltd (UTKHPL), a subsidiary company of Nepal Electricity Authority (NEA), is developing the peaking run-of-the-river hydroelectric project that is supposed to be completed and connected to the national grid early next year.

During an inspection of the dam and tunnel sites of the project along with the Chinese Ambassador to Nepal Yu Hong, Energy Minister Barshaman Pun, among other officials, PM Oli stated that the government is fully committed to completing this project within the given timeframe, although the construction works seem to be lagging behind the set target.

"The project should be completed on time, no matter what," said the PM, asking all concerned to inform him directly in case of any problem.

"The prime minister also assured of immediate corrective measures, if needed," informed Ganesh Neupane, spokesperson for the project.

The prime minister's instruction today has come at a time when project officials have warned that dilly-dallying by the contractors could push back the completion deadline by at least 18 months.

While the contractors have been citing the bad condition of roads as the prime difficulty in transporting construction materials and equipment, the project developer has been alleging that the delays are 'intentional' to inflate the cost of the project.

With 94.04 per cent of work completed so far, project cost has already reached Rs 37.29 billion against initial estimate of Rs 35 billion. The construction cost is expected to balloon to Rs 49 billion by the time of completion, as per Neupane.

The project's Chief Executive Officer Bigyan Raj Shrestha briefed the prime minister about the model of the power plant and matters related to financial management.

The project was originally scheduled to be completed in July 2016, but was delayed due to a number of factors, including the devastating earthquake of 2015, unrest along the southern plains that resulted in supply crisis, and various technical and social issues.

Altogether four international contractor companies are working on four different packages of the project. An Indian company named Texmaco Rail and Engineering that is handling the hydro-mechanical works of the project and a Chinese company named Sino Hydro Corporation that is handling the project's civil works have been largely criticised for causing the delays.

In this regard, Chinese Ambassador Yu pledged to hold talks with the officials of the Chinese company and sort out the issue.

The project is being financed by NEA, which has 41 per cent stake. Other shareholders include Nepal Telecom (six per cent), Citizen Investment Trust (two per cent), Rastriya Beema Sansthan (two per cent), public (15 per cent), locals of Dolakha (10 per cent), depositors of Employees Provident Fund and employees of NT, RBS, CIT and EPF (24 per cent).



Source: The Kathmandu Post; 12 April 2018

## **Complete Upper Tamakoshi on time: Oli**

Prime Minister KP Sharma Oli has directed the Nepal Electricity Authority (NEA) and officials of the Upper Tamakoshi Hydropower Project to complete the plant on time. Making a visit to the construction site on the Tamakoshi River east of Kathmandu on Wednesday, Oli said that nobody would be allowed to make any kind of excuse to push back the completion deadline. The 456 MW scheme is a strategic project designed to turn Nepal into an energy surplus country from an energy deficit country, he added. Oli said that the Upper Tamakoshi project must start generating electricity from one of its six units by December 2018 and being the rest online by May 2018.

“This is a national pride project, and I am ready to provide any kind of help to complete its construction on time,” project officials quoted Oli as saying. “I expect the same kind of dedication from all the stakeholders to complete the project.”

Responding to complaints by project officials that Texamaco Rail and Engineering, the Indian contractor hired to execute the hydro-mechanical works, had been negligent, Oli assured them that he would even use diplomatic channels to make the company work faster.

Bigyan Raj Shrestha, the NEA-appointed project chief of Upper Tamakoshi, said the Indian contractor’s negligence might push back the project’s completion date.

“The contractor is currently erecting a vertical shaft in the tunnel, but it has been working very slowly,” said Shrestha. “Also, we are facing difficulties in transporting heavy electro-mechanical equipment that need to be installed at the hydropower plant due to the bad state of the 60-km road from Khadichaur to Charikot, Dolakha.” NEA Managing Director Kulman Ghising, who accompanied the prime minister on his visit to the project site, said timely launch of the project was crucial to reduce power imports from India. “We are importing electricity worth Rs15 billion annually,” said Ghising. “Once the project comes online, we will be in a position to export power at least during the wet season.”

Around 95 percent of the construction has been completed as of date, and work is progressing slowly. Project officials are blaming the poor state of the road and the negligence of the hydro-mechanical contractor for the lack of progress.

The national pride project was originally scheduled to be completed in mid-July 2016, but the earthquake, Indian trade blockade and various technical and social issues pushed back the completion date. Before the earthquake hit the country, the project had completed 79 percent of the civil works. It also faced cost overruns due to the delays. The project is now expected to cost Rs49 billion, up from the previous estimate of Rs35.3 billion. Nevertheless, the project is considered to be a role model project which is being developed with domestic resources and a high level of participation by project-affected locals and the general public.

### **‘Ready to listen to private sector’**

KATHMANDU: Prime Minister KP Sharma Oli said that the government is ready to listen to the grievances of the private sector and strengthen ties in order to grow the economy. Without a marked increase in investment from the private sector, the government will not be able to boost economic growth, he said speaking at the 52nd annual general meeting of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) here on Wednesday.

As there are still enormous challenges in increasing inclusive growth, the premier said that the new government is ready to cooperate on various frontiers, such as tourism, agriculture, energy and manufacturing sectors. FNCCI President Bhawani Rana urged the government to come up with immediate steps regarding energy development, one-window policy for investment, revision of old laws and regulations, promotion of export oriented products and stability in interest rates. She urged the government to declare 2018-2028 as “prosperity campaign decade” and remove hassles in paying taxes.

“Although our economy is not performing well, it has room for growth and immense investment potential. Hence, the government should take immediate steps to send messages that the country has embarked on an investment-friendly era, said Rana. (PR)

Source: The Kathmandu Post; 13 April 2018

## **NEA offers power banking to India**

*BIBEK SUBEDI*

The Nepal Electricity Authority (NEA) submitted a concept note for power banking between Nepal and India to the Indian Embassy Wednesday. Power banking refers to exchange electricity for electricity instead of cash.

Under this mechanism, one country exports electricity to the other when it has a surplus, and imports back the same amount of energy when it has a deficit.

The state-owned power utility submitted the note to the embassy as per its request. "The embassy will forward the note to the Indian power ministry so that it can be discussed during the energy secretary-level joint steering committee (JSC) meeting between the two countries slated to be held next week in New Delhi," said the highly placed NEA source.

According to the concept note, seasonal complementarities of demand and supply of electricity that exist in Nepal and India will make energy banking a highly suitable model for power transaction to benefit both countries.

Run-of-the-river hydropower projects in Nepal generate a large amount of electricity during the monsoon when domestic demand is low, coinciding with a sharp rise in demand in the Indian states of Uttar Pradesh, Haryana and Punjab due to increased use by the farm sector, the NEA said. "In Nepal, electricity demand is very high during the dry season, but hydropower generation is reduced to almost one-third of the installed capacity due to low discharge in the snow-fed rivers," the concept note said. "This makes power imports from India inevitable during such seasons. The same quantity of power can be exported to India during the wet season when generation is at its highest."

If the southern neighbour agrees to the power swap arrangement, Nepal can export surplus electricity to India during the wet season and import back the same volume of power during the dry season when there is a shortage of energy.

Nepal is thinking of a barter arrangement as the price of electricity is lower in India, which is likely to make domestic power less competitive there. Against this scenario, power banking will be an ideal way to manage our surplus energy, according to the NEA.

The NEA is advocating for power banking between the two countries in order to secure a market for the surplus electricity that Nepal is likely to generate during the wet season after a year.

During the 11th power exchange committee meeting held last August, the NEA had proposed trading power between India and Nepal through the energy banking mechanism. At that time, the Indian side had urged NEA officials to take the proposal to the JSC meeting.

Source: The Kathmandu Post; 13 April 2018

## **Betan Karnali Hydel Project: Nabil, Nepal SBI sign MoU**

Two commercial banks Nepal have come forward to finance 688 MW Betan Karnali hydropower project, which is one of the largest hydropower projects being built in the country.

Nabil Bank and Nepal SBI Bank on Thursday signed a memorandum of understanding (MoU) with Betan Karnali Depositors Hydropower Limited. As per the MoU, the two banks will play a lead role in arranging debt financing worth up to Rs25 billion for the development of a 688MW hydropower plant. Anil Keshary Shah, deputy-CEO of Nabil, Anukool Bhatnagar, managing director of Nepal SBI and Dipak Rauniyar, acting administrator of EPF signed the MoU on the behalf of their respective organisations.

The company is the subsidiary of Employees Provident Fund (EPF) and it was awarded the project survey license by the Energy Ministry a year ago. Currently, the project is about to complete its detailed project report of the hydropower and plans to begin construction immediately once the design is ready.

“This is a first of a kind of investment commitment made by the commercial banks in Nepal,” said Shah, during the signing ceremony. “It will be a great learning experience and pave the way to attract more banks in financing large hydropower projects in future.”