

Source: The Himalayan Times, 5 July 2018

## **NEA signs PPA with Tanahu Hydro Project**

Nepal Electricity Authority (NEA) — the state-owned power utility — has signed the power purchase agreement (PPA) with Tanahu Hydropower Project today. The hydropower project with 140 megawatt installed capacity is the first ever reservoir hydropower project in the country and is located at Tahahun district.

Kul Man Ghising, managing director of NEA, and Pradip Kumar Thike, managing director of Tanahu Hydro, signed the PPA today.

Tanahu Hydropower is a wholly-owned subsidiary of NEA. It is required to commence commercial operation from April 12, 2024, as per the agreement.

As per the PPA, NEA will pay Rs 12.40 per unit during the dry season that is, between December and May and Rs 6.08 per unit during the wet season, which is in between June and November. The agreement has a provision allowing the company to hike per unit price by three per cent up to eight times in a year.

The agreement mentions that the hydropower project will have to supply 178.9 million units of electricity to NEA in the dry season and 323.6 million units in the wet season. The power generated by the plant will be evacuated to the national grid through the 220kV Damauli-Bharatpur transmission line. Tanahu Hydro has already paid land compensation to the locals. The project has nearly completed constructing physical infrastructure like buildings and access road, while the process to procure hydro-mechanical and electro-mechanical equipment and construct the transmission lines is in the final stage. The company also said that the process to select the contractor for civil works will be finalised soon. The total cost of the project is estimated at \$506 million, of which Asian Development Bank will provide \$150 million, Japan International Cooperation Agency will contribute \$184 million, European Investment Bank will give \$85 million and NEA will chip in \$87 million.

Source: The Rising Nepal, 30 June 2018

## **Rasuwagadhi hydel: tunnel in final stage**

Construction of the tunnel of the Rasugadhi Hydropower Project in northern Rasuwa has reached the final stage.

Of the total length of 4,203 meters, 3,953 meters of the tunnel has been constructed, according to the project Chief Chabi Lal Gaire.

The 111 MW capacity project is slated to start power production from its first of the three units within 2019 and a year later from the two remaining units.

The project under-construction since 2014 is estimated to cost Rs. 13.64 billion. Upon completion, it will produce 614 million units of power annually.

So far 62 per cent of the work has been completed of the project that is being constructed by using the water from Bhotekoshi and Lehendre rivers. A total of 760 persons including 260 Chinese nationals are working on the project for the contractor company CWE China.

Source: My Republica, 30 June 2018

## **NEA signs PPA with Tanahu Hydropower**

**PPA rate fixed at Rs 12.4 per unit during dry season and Rs 6.08 per unit during summer months**

KATHMANDU, June 30: Nepal Electricity Authority (NEA) has signed power purchase agreement (PPA) with Tanahu Hydropower

Company Ltd (THCL) having capacity of 140 MW.

NEA Managing Director Kulman Ghising and Pradeep Kumar Thike, managing director of THCL, signed the agreement on behalf of their respective institutions in Kathmandu on Friday.

According to the agreement, the commercial operation date of the project has been set for April 12, 2024.

The storage-type project will generate 587.7 GWh of energy annually in the first 10 years of operation and 489.9 GWh from 11th year onward. It is situated on Seti River of Vyas Municipality near Damauli -- the district headquarters of Tanahun District.

Eight VDCs and Vyas Municipality of Tanahun district are directly affected by the project.

According to the agreement, the price of the electricity during the dry season (December to May) has been set at Rs 12.4 per unit, while NEA will pay the project Rs 6.08 per unit during wet season (June to November). The agreement will be valid till 30 years from the commercial operation date or until the validity of generation license, whichever is lower.

However, the agreement also includes a provision that allows increment in the energy purchase rate by 3 percent annually as escalation charge for eight years. With the adjustment of the escalation, the per unit price of the electricity from the project will be Rs 15.38 in dry season and Rs 7.54 in wet season after 97th months of the commercial operation.

If the supply of electricity falls below 35 percent of the annual energy supplied during dry season, NEA will pay the rate for the peaking run of river projects to Tanahu Hydropower. NEA has fixed energy purchase rate at Rs 10.55 per unit in dry season and Rs 4.8 per unit in wet season for peaking run of river projects.

According to officials of the THCL, NEA will purchase surplus energy of the project at 50 percent of the fixed rate.

Energy generated by the project will be connected to the national grid through 220-KV Damauli-Bharatpur transmission line.

According to the THCL, the company is preparing to start construction of main structures from November this year with a target of completing construction works within five years.

The project with an estimated cost of \$505 million (including transmission line, rural electrification and interest payment of construction period) is being developed with the funding of the Asian Development Bank, JICA and European Investment Bank. ADB is investing \$150 million in the project while JICA is chipping in \$184 million. Similarly, EIB is providing financing support of \$85 million while the government is investing \$87 million in the project.

The company has already achieved financial closure to develop the project.

Source: The Kathmandu Post, 4 July 2018

## **NEA to urge India not to raise energy prices**

*BIBEK SUBEDI*

Nepal Electricity Authority (NEA) Managing Director Kulman Ghising will be leading a delegation to India to convince the Central Electricity Authority (CEA) not to raise the price of the electricity being supplied to Nepal. The NEA imports energy from India via 132 kV, 33 kV and 11 kV transmission lines. It pays IRs 5.55 per unit for power imported over 132 kV transmission lines. Likewise, the price of energy imported over 33 kV and 11 kV lines is IRs 6 and IRs 6.45 respectively.

The NEA team will leave for New Delhi on Wednesday to participate in a meeting of the Nepal-India Power Exchange Committee scheduled for Thursday and Friday. They will discuss issues related to cross-border electricity trade like prices, import volume and trading modality. The committee will fix the prices for next year.

As the cost of electricity has gone up in India, Indian authorities might want to hike prices, and the Nepali delegation will try to persuade them not to do so, said NEA spokesperson Prabal Adhikari. Following the meeting with the Power Exchange Committee, the NEA team will hold separate meetings with the CEA to establish a power banking mechanism between Nepal and India.

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 NEA has submitted a concept note of the power banking mechanism to Indian authorities and is awaiting their response. 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.

During the meeting, we will ask for an official Indian opinion regarding power banking between the two countries, according to Adhikari. Likewise, the NEA will hold discussions with the CEA to finalise the funding and implementation modality of the 400 kV New Butwal-Gorakhpur Cross-Border Transmission Line Project. The fifth energy secretary-level joint steering committee meeting held between the two countries in April had authorized the NEA and the CEA to give suggestions to the committee on implementation and funding modalities within three months.

As per the minutes of the meeting, the two entities will study the power transfer requirements of both countries and recommend funding modalities accordingly.

Source: The Himalayan Times, 5 July 2018

## **Monsoon induced flood hits Rudi Khola 'A' hydel project**

*Ramji Rana*

Monsoon induced flood has rendered damage to the under-construction Rudi Khola 'A' hydropower project in Lamjung district.

According to Deputy Project Manager Saroj Bhattarai, the flood has ravaged structures and road, construction of which was recently concluded.

“Floods and landslide have completely destroyed penstock pipe which now must be replaced,” Bhattarai said. “With the onset of monsoon, we are facing hassles in construction and supply of materials.”

The electricity generated by the project with an installed capacity of 8.8 megawatts was expected to be transmitted to the national grid in September.

Source: The Himalayan Times, 5 July 2018

## **Nepal, Bangladesh close to signing pact on energy cooperation**

Nepal and Bangladesh are likely to sign an energy cooperation and power trade agreement in the near future as both governments are preparing a final draft of memorandum of understanding (MoU). According to Dinesh Kumar Ghimire, joint secretary at Ministry of Energy, Water Resources and Irrigation (MoEWRI), the government had given its go-ahead for energy cooperation with Bangladesh in September. A draft MoU had been sent to the Bangladeshi government, but there had been no response from the latter until now.

“We are currently holding discussions with the Bangladeshi government to finalise the MoU,” said Ghimire.

According to him, the draft, which has been finalised from the Nepali side, includes setting up a joint energy mechanism for power trade and investment. This framework is based on South Asian Association for Regional Cooperation (SAARC) Framework Agreement for Energy Cooperation, which was signed by all the SAARC members in 2014.

Till date, Nepal has signed energy cooperation with China and India. Earlier, the Bangladeshi government had said it would build one large hydropower project in Nepal. Ghimire added that the Nepal government, in turn, had assured facilitations for Bangladeshi investors to invest in Nepal’s energy sector.

“Power trade between Nepal and Bangladesh is complex because the transmission lines would have to traverse India,” explained Ghimire.

Hence, after signing the MoU, the government plans to set up joint-steering and joint-working committees for bilateral energy cooperation with Bangladesh. After that, Nepal, Bangladesh and India will hold trilateral meeting to come up with a feasible solution to any pending issues related to the transmission lines.

In the recent years, Nepal government has been trying to tap into its huge hydropower potential, attract more foreign direct investment into the sector and cater to the energy needs of the entire South Asia.