

Source: My Republica; 20 Aug 2018

5% more people connected to power supply in FY2017/18

supply up by 12.79 percent;

NEA's income increase by 16.98 percent

KATHMANDU, Aug 18: An additional five percent of the population was connected to national electricity grid in the last fiscal year ending mid-

July. With this, 70 percent of the population has now power connectivity.

The total number of consumers units of Nepal Electricity Authority (NEA) has increased to 3.55 million, as per the annual report made public by the authority on Friday. Of them, 93.83 percent are households while the remaining 6.17 percent are industrial consumers.

Electricity sales to the households contribute to 45.13 percent of the total revenue of the NEA, while 36.15 percent of the revenue comes from the industrial consumers.

Total electricity supply increased by 12.79 percent to 7,057.93 GWh in Fiscal Year 2017/18. Of the total electricity supply, the NEA's own production was 32.171 percent. Import from India and the private sector generation accounted 36.58 percent and 30.71 percent respectively.

The NEA's overall annual income from electricity sales and other sources increased by 16.98 percent to Rs 60.48 billion in the fiscal year.

However, the authority's operating costs increased by 17 percent to Rs 52.62 billion. Despite huge progress in loss control, by nearly 6 percent to 20.45 percent of total available electricity supply and new plant Chameliya Hydropower Project of 30 MW coming into the national grid in April, the operating costs saw a whopping growth.

Speaking at a the 33rd anniversary event of the authority in Kathmandu on Friday, NEA's Managing Director Kulman Ghising said that salaries paid to new employees, more electricity purchased from the private sector, import from India, and hike in maintenance costs were the reasons behind the rise in operating costs. Because of this, NEA's net profit declined to Rs 1.01 billion from the net profit of Rs 1.51 billion in FY2016/17.

The NEA has said that it has paid 61.54 percent of revenue of electricity sales to IPPs and Indian suppliers, while price hike of both electricity purchases accounted 19.36 percent growth. The NEA has spent Rs 1.77 billion for other operating expenses, 1.35 billion for paying royalty, and Rs 1.99 billion for electricity transmission.

The interest paid by the authority on long-term loans was Rs 4.08 billion, which was only Rs 3.54 billion in the previous year. Likewise, its expenses for pension, gratuity and health benefits of its employees amounted to Rs 2.5 billion.

The expense for electricity distribution and NEA's administration was in the tune of Rs 7.82 billion and Rs 1.71 billion, respectively.

On the occasion, Minister for Energy, Water Resources and Irrigation Barshaman Pun stated that plans were underway to build electricity plants by issuing shares to the total 5.6 million households. "Each household will get returns regularly as the senior citizens are paid allowances," added Pun.

Source: The Kathmandu Post; 18 Aug 2018

NEA's profit exceeds Rs1b for second year

The Nepal Electricity Authority's (NEA) net profits exceeded Rs1 billion in the last two fiscal years, putting the perennially loss-making organisation on a firmer financial footing.

The state-owned power utility posted a net profit of Rs1.01 billion in the last fiscal year ended mid-July 2018, according to a provisional income statement published by the NEA. During the previous fiscal year 2016-17, the NEA made a net profit of Rs1.50 billion.

The NEA's turnaround has been attributed largely to its success in reducing electricity leakage in the distribution system.

The power utility reduced system loss, popularly known as leakage, by more than 5 percentage points in the last two fiscal years by launching a nationwide campaign to prevent electricity theft. System loss has been brought down from 25.78 percent two years ago to 20.45 percent currently. The NEA reduced loss by 2.88 and 2.45 percentage points in two consecutive fiscal years.

Despite posting profits for two consecutive years, the NEA is a long way from achieving financial stability as it still has combined loss of a whopping Rs27.15 billion. The NEA management claimed that the coming year would be more exciting in terms of loss reduction and profitability.

Three-fourths of the total leakage is technical loss due to poor transmission and distribution system while the rest is due to electricity theft. According to the NEA, cutting technical loss will take some time as the existing transmission system needs to be updated.

NEA Managing Director Kulman Ghising said leakage would be brought down to 17 percent by the end of this fiscal year, mostly by controlling power theft. The reduction will translate into savings of at least Rs2 billion, according to NEA spokesperson Prabal Adhikari.

The NEA also expects revenues to swell significantly as a number of hydropower projects it is building are slated to come online this fiscal year. The 60 MW Upper Trishuli 3A and 14 MW Kulekhani 3 will start generating electricity by this fiscal year.

After the 456 MW Upper Trishuli Hydropower Project comes online later this year, the NEA's revenues will increase sharply. After the plant starts generating electricity, it will be able to cut energy imports from India and slash expenses.

According to the power purchase agreement signed between the NEA and Upper Tamakoshi, it will pay the project Rs6.96 per unit of electricity in the dry season which lasts from December to May, and Rs3.63 per unit during the wet season which lasts from June to November.

Currently, the NEA imports electricity from India via different cross-border transmission lines at an average cost of Rs7.45 per unit. "This will help us increase our revenue significantly, thereby increasing our profitability," said Adhikari.

Source: My Republica; 20 Aug 2018

NEA, API Power sign PPA

Api Power Pvt Ltd has signed power purchase agreement (PPA) with Nepal Electricity Authority (NEA) for selling 2 MW of solar energy generated by it to the state-owned power utility. MW capacity at Dhalkebar of Dhanusha while other plant of similar capacity will be set up at Simara of Bara, according to a statement issued by the company. NEA will pay the company Rs 7.5 per unit for 25 years.

Deputy Managing Director of NEA Jagadishwor Man Singh and company's managing director Sanjiv Neupane signed the PPA amid a program on Sunday. The solar power will be connected to a substation of NEA at Parwanipur of Bara via an 11 KV transmission line. Both the plants will start power generation within seven months. The company has already signed PPAs for another 8 MW solar plant to be set up at Parwanipur of Parsa and 4 MW plant to be set up at Chandranigahpur of Rautahat.

The government three years ago set PPA rate for solar energy at Rs 8.45 to Rs 9.61 per unit. However, a separate guideline for Grid Connected Solar Electricity Development has set the PPA rates for such energy at Rs 7.30 per unit.

It has received permission to set up solar plants at 10 locations of the country. It is also building a hydropower project of 8.5 MW capacity on Naugadh Gad River of Darchula.

Source: My Republica; 21 Aug 2018

Rasuwagadhi Hydropower Project achieves tunnel breakthrough

HIMNATH DEVKOTA

Rasuwagadhi Hydropower Project (111 MW) achieved breakthrough in tunnel digging on Monday.

The breakthrough was achieved after workers of the 2,303-meter second audit dug through to the 1,882-meter third audit of the 4,185-meter tunnel of the hydropower project on Monday, according to project officials.

With this, the project can now begin concrete works in the tunnel of the hydropower project located in Timure of Gosainkunda Rural Municipality of Rasuwa. The concrete work is expected to be completed in seven to eight months, according to project officials.

China International Water and Electric Corporation (CWE) is the contractor for the project's tunnel works.

Though construction work of the project started in January, 2014, it faced multiple hurdles, including the 2015 earthquakes, quake-triggered landslides and Indian blockade.

The project has achieved overall work progress of 67 percent, while 75 percent of works of tailrace tunnel has been completed so far. Similarly, about 45 percent work of the underground powerhouse of the project has been completed so far.

The project, however, has kept work on dam site on hold due to high water level on the river. It plans to resume works after the water level recedes.

“Concrete work in powerhouse is underway,” Tej Saud, public relation officer of the project, told Republica. “The plan is to begin power generation from all three units by the end of December 2019.”

The plant, which will generate 613.87 GWh of energy annually, will earn Rs 12.5 million per day by selling electricity to Nepal Electricity Authority.

The project had initially targeted to complete all works by August 2017. But it had to reschedule the project works due the 2015 earthquakes and subsequent Indian blockade.

The project is being developed by Rasuwagadhi Hydropower Company Limited. It is estimated to cost Rs 13.68 billion.

Chilime Hydropower Company Limited, a subsidiary of Nepal Electricity Authority, holds 33 percent stake in Rasuwagadhi Hydropower Company Limited. Likewise, depositors of Employment Provident Fund own 19 percent shares, while NEA employees and general public hold 18 percent and 15 percent of the shares in the company, respectively. The project-affected locals own 10 percent of the company's shares, while employees of promoter company and lender organizations own 3.5 percent and 1.5 percent of the shares, respectively.

Source: The Kathmandu Post; 21 Aug 2018

Rasuwagadhi hydro project achieves major milestone

BALRAM GHIMIRE

The Rasuwagadhi Hydropower Project achieved a major milestone on Monday as it completed the digging of a 4.18km tunnel that channels water diverted from the river to the power house. With the completion of the tunnel, the most challenging component of the project has been completed, according to Madhav Koirala, CEO of the Rasuwagadhi Hydropower Company, which is developing the 111MW project. China International Water and Electric Corporation, the Chinese contractor hired for the civil work of the project, has quickened the pace of the construction work to meet the project completion deadline of February 2020. Chabi Gaire, the project chief of the Rasuwagadhi project, informed that around 67 percent of the total work is completed. "The construction of three underground desanding ponds, underground powerhouse and tailrace tunnel is going on smoothly," said Gaire.

The Rasuwagadhi Hydropower Project is located 150 km north of Kathmandu, and is the largest among the four hydropower projects that are currently being developed by subsidiary companies of Chilime Hydropower Company. The Rasuwagadhi project is being developed at an estimated cost of Rs13.68 billion under a debt equity ratio of 50 percent. As a promoter, Chilime holds a majority stake. It owns 33 percent of the shares while Nepal Electricity Authority holds 18 percent shares.

The hydro-power station is a run-of-river project, having the capacity to generate 613.87 gigawatt hours of hydroelectricity annually. The headwork of the project is located about 400 metres downstream from the confluence of the Kyirong Khola and Lende Khola, which marks the boundary between Nepal and China.

Source: The Kathmandu Post; 23 Aug 2018

Energy Ministry looking for deal similar to GMR

Exporting electricity

BIBEK SUBEDI

Inspired by the path-breaking deal reached by GMR Upper Karnali Hydropower to export electricity generated by plants in Nepal to Bangladesh through Indian territory, the Energy Ministry wants to ask the Nepal Electricity Authority (NEA) to sign a similar pact to export power produced by two projects in the government's basket. The ministry plans to export electricity generated by the 850 MW Upper Arun and 800 MW Dudhkoshi Storage hydropower projects to Bangladesh through India's NTPC Vidyut Vyapar Nigam (NVVN).

According to a highly placed ministry source, it is looking for a deal similar to GMR.

NVVN and the Bangladesh Power Development Board (BPDB), a statutory body of the Bangladeshi government, have signed a memorandum of understanding (MoU) and are on track to sign a power purchase agreement which will allow Bangladesh to import electricity generated by the Upper Karnali scheme through the Indian power grid. The Energy Ministry is planning to ask the NEA to initiate the process to sign an MoU with NVVN to export electricity generated by the two projects to Bangladesh. After signing the pact with NVVN, the NEA will sign another MoU with the BPDB, according to the highly placed source at the ministry.

If the ministry's plan materialises, the NEA will supply electricity generated by the two plants into the Indian grid and NVVN will transmit it to Bangladesh. As Indian laws don't allow power producers in Nepal to export electricity to third countries using Indian transmission lines, the modality will provide a way to trade electricity produced by hydropower projects in Nepal. The arrangement, according to the ministry official, will act as a guiding framework for Nepal to export surplus electricity to Bangladesh that Nepal is expected to produce in a few years.

"However, we will also start negotiations with Indian authorities to allow us to sell electricity to Bangladesh directly using the Indian grid," said the source.

Bangladesh promises to be a lucrative market for hydroelectricity produced in Nepal as it is an energy hungry nation and plans to import electricity from neighbouring countries to sustain the high economic growth rate that it has been achieving for the last few years. According to experts, the price of electricity in Bangladesh is good compared to Nepal and India which will make a large number of hydropower projects in Nepal financially viable. A couple of weeks ago, Nepal and Bangladesh signed an energy cooperation agreement with the aim of exploring the possibilities of initiating electricity trade between the two countries.

Source: The Kathmandu Post; 24 Aug 2018

Energy banking accord may be signed in Oct

BIBEK SUBEDI

The Nepal Electricity Authority (NEA) is planning to sign an energy banking deal with India in October in a bid to lessen the effects of fluctuations in power generation during different seasons.

Energy banking involves exchanging 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.

Managing director of the state-owned power utility Kulman Ghising told the Post that India was positive about power banking, and that an agreement was expected to be reached between the two countries during the upcoming energy secretary-level joint steering committee (JSC) meeting scheduled to be held in October. Currently, the NEA is in talks with India's Central Electricity Authority (CEA) to establish a mechanism for energy banking, as directed by the last JSC meeting in April. The two organisations will finalise the modality and present it to the upcoming JSC meeting in October. The CEA will also send details of the different modalities used by Indian state governments for energy banking, Ghising said.

An energy banking mechanism is appropriate for a country like Nepal where power generation reaches full capacity during the monsoon and drops sharply during the dry season, officials said. Run-of-the-river hydropower projects in Nepal churn out a large amount of electricity during the rainy season when the water level in the rivers rises. Electricity output plunges more than 50 percent during the dry season when the rivers shrink.

If India agrees to the power swap arrangement, Nepal can export surplus electricity during the wet season and import back the same volume of power during the dry season when there is a shortage of energy. The pattern of electricity generation in Nepal complements the demand and supply of electricity in India. When there is surplus electricity in Nepal during the monsoon, demand soars in the Indian states of Uttar Pradesh, Haryana and Punjab due to increased use by the farm sector.

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 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 proposed trading power between India and Nepal through the energy banking mechanism. The Indian delegation had urged NEA officials to take the proposal to the JSC meeting.