

Source: The Rising Nepal; 25 Aug 2018

Over 100 hydro projects of 2,300 MW under construction

As many as 107 hydro projects of 2,356 MW capacities are under construction in Nepal.

According to Nepal Electricity Authority (NEA), these projects are under different phases of construction. Most of these are being completed in a year.

The Upper Tamakoshi, which is listed in the national pride project, is being completed this year.

Although it was expected to be completed by coming mid January, the project is however likely to go beyond this date, said NEA publication brought on its 33rd anniversary.

The government targets to generate 3,000 MW of electricity in the next three years and increase this quantity to 5,000 MW by the next five years. The details of the progress on the under-construction projects show that the target would be met easily.

Minister for Energy, Water Resources and Irrigation, Barshaman Pun pledged to extend all sorts of support to complete the projects in time.

NEA Executive Director Kulman Ghising said monitoring of and necessary felicitations regarding the projects are taking place on a regular basis. "If things are going as per the details provided to us, the government is likely to meet the target easily."

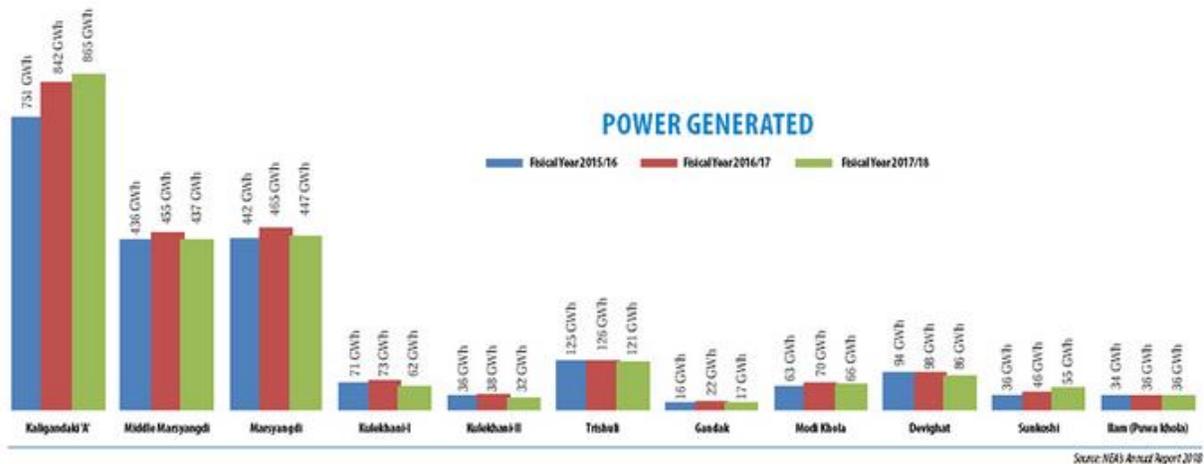
The government has promised an access of electricity in all areas of the country. Utilization of biogas, solar plants, and wind energy is on the government priority. Likewise, generation of energy from waste has already begun.

According to NEA, 74 projects with the capacity of producing 1,658 MW of electricity are in the wait for financial management to go for implementation phase.

The NEA has annulled its power purchase agreement with two small hydropower projects- Narayani Shankar Biomas and Tame Stream.

Source: My Republica; 25 Aug 2018

Generation by hydropower plants declined last fiscal year



Electricity generation from all power plants in the country went down in the Fiscal Year 2017/18 owing to low water flow in the rivers compared to the previous year.

Officials of Nepal Electricity Authority (NEA) attribute variation in the hydrology in the rivers behind lower energy output of those plants, while the independent power producers say the output of the energy saw a fall mostly in the power plants of Chure range.

Electricity generation of the plants of the NEA remained almost the same despite it added a major plant of 30 MW, Chameliya hydropower plant, in February.

The NEA's annual output in the fiscal year ending mid-July was only 2,308 GWh. The annual output of the previous Fiscal Year 2016/17 was 2,305 GWh.

Energy output of all 17 plants of the NEA except Kaligandaki and Sunkoshi were lower, which forced the NEA to import more energy from India. The authority had to shut down its major plant of Madhya Marsyangdi of 69 MW capacity for about 7 days leading to major fall in energy generation from 455 GWh to 437 GWh. Chameliya generated a total of 52.46 GWh between mid-February to mid-July. The import saw a growth of 18 percent, to 25.81 GWh, in the fiscal year. Plant-wise data of the independent power producers was not available, but its energy output saw a growth of about 22 percent to 2,167 GWh. The growth was not due to improvement in generation but due to several new plants promoted by IPPs starting power generation in the fiscal year. The NEA officials said that low hydrology in rivers resulted to the low energy output.

The NEA's Managing Director Kulman Ghising said that the hydrology in the rivers were lowest in the past three years. "Our experience says that the hydrology in rivers fluctuate in every three years," he said.

Several of the small-sized hydropower plants of the independent producers, including Thapakhola Hydropower Project (13.6 MW), Sabha Khola (3.3 MW), Sardikhola (4 MW), Puwa Khola-1 (4 MW), Madkyu Khola (13 MW), Chake Khola (2.83 MW), Dwari Khola (3.75 MW), Malun Khola (7 MW), and Midim Khola (3 MW) started generation this year making the their installed capacity higher than that of the NEA.

The effects, according to MD Ghising, in the run-of-the-river power plants operated by IPPs are more serious than the projects of NEA that are mostly snow-fed.

Shailendra Guragain, president of Independent Power Producers' Association Nepal (IPPAN), echoed Ghising, adding that Khimti and Upper Bhotekoshi hydropower plants were exceptions to the low hydrological effects.

He said that they have seen fluctuations in water discharge in the rivers mostly of Chure range, but the discharge was not falling continuously, as claimed, due to the effects of climate change.

Guragain stated that the power plants have seen average fluctuations in energy production by 10 to 15 percent against the contracts they have signed with the NEA. Many small-scale hydropower plants are suffering revenue losses due to this. Plants having 10 MW or lower installed capacity can enjoy penalty waiver by informing the NEA in advance. The IPPAN is lobbying to get waiver of the penalties for the fall in energy output, citing natural reasons.

Source: My Republica; 26 Aug 2018

Four years elapsed, GMR is yet to sign financial closure

Seeks another time extension of one year

KATHMANDU, Aug 26: Bangladesh is eagerly waiting to import Nepal's electricity. Equally eager is Indian developer GMR to build the plant at Upper Karnali Hydropower Project and export power to Bangladesh. But things are not moving ahead as expected.

GMR says it has already signed a Memorandum of Understanding with Bangladesh to export 500 MW of electricity produced at the plant. GMR wants a full-fledged PPA on all commercial terms but the delay in endorsement of the Indian Guidelines on Cross Border Trade of Electricity 2016 has put the entire process on halt.

But the Indian government, which has pivotal role in allowing the cross border trading, has remained silent on endorsing the revised guideline that includes comments from the government of Nepal and Bhutan.

GMR also seems frustrated with the delay by Government of India, particularly on endorsing revisions on the new electricity guidelines to pave the way for financial modality of trading electricity via Indian grid connectivity. GMR, which on last week sought time extension for financial closure for the third year, has appealed the Government of Nepal for taking diplomatic initiatives with India to help with the project.

Bangladesh inked an energy cooperation deal with Nepal two weeks ago to import 500 MW of electricity from Nepal. Energy-starved Bangladesh is desperate to get clean energy to sustain its economy's growth rate. Insiders of the energy sector have said that the 500 MW will come from Upper Karnali. The trading will occur through the Indian transmission line.

The latest bid for time extension of one year is because it has not yet signed financial closure for the project of US \$ 1.2 billion and its deadline for the same is expiring on September 19.

This is the third extension of time for the project. A year's extension was given in accordance with the Project Development Agreement signed in September 2014, and then another year was given due to the government's delay in providing forest land for the project. Initially, it was given two years to garner a financial closure.

Inside sources at the Investment Board Nepal (IBN) have confirmed that it has received application for extension, citing at least two major reasons behind the delay in financial closure. "They are yet to get authority to clear all forest area in the project site as the Government of Nepal permitted earlier," said the source.

The project of 900 MW, located in the western part of Nepal, is one of lucrative projects of the country. Some stakeholders had criticized the government back in 2014 for not building the project on its own. Meanwhile, the private sector and some others had lauded the move saying 'a historic bilateral deal was made'.

Another privy source at IBN claimed: "There are also chances that GMR may immediately sign power purchase agreement (PPA) with Bangladesh inserting major commercial terms, which may give impetus to proceed for reaching financial closure."

The agreement is a must for making a financial closure happen, and the IBN officials claim that the company is regularly in touch with the banks and financial institutions interested to inject fund in the project.

GMR needs a permission of India's Central Electricity Regulatory Commission for signing a final PPA but it has not yet received one. The guideline had several discriminatory provisions, on which Nepal had sent comments for revision a year ago. The guideline was prepared as per the Power Trade Agreement signed in August 2014 between the two countries.

The next board meeting of IBN, led by Prime Minister KP Sharma Oli, may decide on time extension but officials say that the board needs to make a special decision as the PDA does not permit any further time extension.

Despite Republica's repeated attempts on Friday and Saturday to get information about the GMR's request, IBN's CEO Maha Prasad Adhikari and Spokesperson Uttam Bhakta Wagle were not available for comments. Their cell phones were switched off.

Source: My Republica; 27 Aug 2018

Road damage likely to affect Rasuwagadhi hydropower project

HIMNATH DEVKOTA

Works at the Rasuwa-based Rasuwagadhi hydropower project of 111MW capacity are likely to be affected due to shortage of construction materials. Supplies to the power plant have been cut off as the road from Dhunche to Syaphrubesi has been damaged by floods and landslides.

The road has remained closed for more than two weeks due to severe damage by floods in Trishuli River and landslides at Khopangbhir. The stock of construction materials is fast depleting and works at the project have remained halted for two weeks. Project officials have said that the food stock for workers is also limited.

Chhabi Gaire, project chief of Rasuwagadhi Hydropower Company Limited, said: "We are fast running of construction materials and the workers may go idle soon." He urged the government to repair the damaged road immediately.

The project has only 500 tons of cement and 35,000 liters of diesel in its stock. There are 260 Chinese and over 600 Nepali workers employed at the moment. Gaire said that the contractor may choose to lay off the staff if works are halted even for a few days.

The floods at Ghattekholra in Gosaikunda Rural Municipality had damaged the bridge a month ago but that damage had not affected supplies to the power plant because there was a branch road leading to the project site. But the recent damages due to the Trishulikhola floods and Khopangbhir landslides have totally stopped transportation in the area. As per officials, the project is mostly dependent on cement, steel rods and diesel supplied through the road.

Works in two other hydropower plants -- Sanjen of 42.5 MW and Upper Sanjen of 14.8 MW -- are also under construction in the district. Although they are not yet affected, they may be affected very soon if the damages on the road are not repaired. Officials of Rasuwa Road Division have said that it may take up to 15 days for repairs of the both damages.

Works in the project developed by a subsidiary company of Nepal Electricity Authority had started in 2013, and it has so far achieved a progress of 67 percent. The project has achieved a major milestone with a breakthrough in its main tunnel. Forty-five percent of the works at the underground power house have been completed so far.

Source: My Republica; 30 Aug 2018

After over 6 yrs, Three Gorges walking away from West Seti

Australian company had previously wasted 17 yrs

KATHMANDU, Aug 30: China Three Gorges International is on the verge of walking away from the 750-MW West Seti Hydroelectric Project.

Two days of negotiations with a high-level delegation from the Chinese company failed to reach agreement on a few major issues. The company has sought 17 percent return on its investment, and it also found the resettlement and rehabilitation work under the project challenging and costly. The Chinese company bagged the project in February 2012 through direct negotiations with the government. It is now on the verge of walking away from it, blaming an unfeasible power purchase policy and possible complications in resettlement and rehabilitation.

A team led by Investment Board Nepal CEO Maha Prasad Adhikari had negotiated with Three Gorges President Zhao Jianqiang and his team on Tuesday and Wednesday.

Following an in-depth study of the project development process to address the concerns and demands of Three Gorges, the government of Nepal had agreed to extend the US dollar PPA (power purchase agreement) rates for two more years to 12 years and also revise the project capacity down to 620 MW from the original 750 MW.

"The company said the project is still not financially feasible due to low rate of return, cost and also unpredictable rehabilitation and resettlement work," Adhikari told journalists at a press meet on Wednesday evening. At least 10 percent of the project cost needs to be spent on rehabilitation and resettlement. The estimated project cost is US\$ 1.8 billion. The company has found only 12.5 percent return on investment under the current PPA rates. NEA's PPA rate is Rs 12.4 and Rs 7.10 per unit of electricity for dry and wet seasons respectively for the reservoir-type plant. The project's capacity revision was required to meet a mandatory 35 percent energy output in the dry months out of the total annual production.

After the meeting, the company delegation met Minister for Energy, Irrigation and Water Resources Barshaman Pun and Finance Minister Yuba Raj Khatiwada. Both ministers told the Chinese delegation that the government of Nepal would take a final decision on the matter later. "IBN's board will take a final decision and Three Gorges has also said that it will honor the board's decision," reads a statement issued by IBN.

Asked why the company was walking out, Adhikari blamed several policies. "We should re-look into several policies related to hydropower development as well as the policy of burdening the developer with all the resettlement and rehabilitation work," added Adhikari.

IBN is chaired by the prime minister and its board meeting in mid-July had given a time period of two months to sort out the issues with the Chinese.

The government had signed a joint venture agreement with the Chinese company, which has a stake of 75 percent. The remaining 25 percent stake is with Nepal Electricity Authority.

Economists say a walk out from the project does not bode well for investment in Nepal. "Unpredictable behavior by the government is largely to blame," said economist Keshav Acharya.

The current government announced in its budget in May that it would build West Seti on its own. This was when negotiations with Three Gorges were underway.

Source: The Himalayan Times; 30 Aug 2018

Three Gorges to pull out of West Seti

The two-day-long final round of talks between the government and a Chinese company — China Three Gorges International Corporation — ended today with the two sides failing to find a middle ground in implementing the West Seti hydropower project. Signalling its intention to pull out of the mega project, the Chinese firm had put forth additional conditions despite the flexibility shown by the Nepali side, according to the Investment Board Nepal officials.

The IBN officials said details of the negotiations would be communicated to the IBN board, which is led by the prime minister, in the next board meeting of IBN and a necessary decision will be taken to break the long impasse in West Seti project, which is located in far western region of the country.

IBN had invited CTGI for final round of negotiations, as the board meeting held on July 17 had instructed the IBN to end the stalemate witnessed in implementation of West Seti project through decisive talks. During the talks that began yesterday, however, the Chinese firm seemed reluctant to take the project forward citing the low rate of return and said it would respect the decision of the next board meeting of IBN — hinting at its lack of seriousness in developing the project.

“Despite capacity optimisation and dollar-denominated power purchase agreement, the project is still financially unfeasible because of resettlement and other technical issues,” an IBN official quoted CTGI members as saying. As per CTGI, the return on equity of the project will hover around 12.5 per cent, and hydel projects can be considered feasible only when RoE is not less than 17 per cent, IBN officials said. High-ranking officials of IBN, Ministry of Energy, Water Resources and Irrigation, Ministry of Finance, Ministry of Law, Justice and Parliamentary Affairs and Nepal Electricity Authority had taken part in negotiations with CTGI, led by Zhao Jianqiang, its president. CTGI delegation also paid a courtesy call on the finance minister and energy minister after the meeting ended today.

IBN had shown flexibility in taking the project forward by agreeing to bring down the installed capacity of the project to around 600 megawatts from the initial agreement of 750 megawatts.

Exclusive preference was assured during the meeting from the Nepali side to provide dollar-denominated power purchase agreement for 12 years from the date of commissioning power, two years more than the norm.

IBN and CTGI had inked a memorandum of understanding to develop West Seti hydro electricity project in February 2012.

However, as if foreboding the latest development, the budget of the current fiscal has envisioned developing West Seti project utilising local resources if the Chinese company pulled out.

Source: The Rising Nepal; 30 Aug 2018

NEA signs PPA with Super Ghalemdi

A power purchase agreement (PPA) has been signed between power developer Super Ghalemdi Hydropower Pvt. Ltd. and Nepal Electricity Authority (NEA). As per the agreement, per unit electricity is sold for Rs 8.04 during winter and Rs 4.08 during monsoon season. The 9.14 megawatts hydropower based at Narchyang of Annapurna Rural Municipality-4 will start soon, said project founder Man Prasad Kandel.

The project is expected to generate power in five years. The company is in the final stage for the financial closure and would also issue shares to the affected people and the general people he said.