

Source: The Kathmandu Post; 27 October, 2018

Middle Bhotekoshi to issue 29.4m shares

The development cost has been revised upward to Rs14.84b from Rs12.28b due to time overruns. Middle Bhotekoshi Hydropower Company has received permission from the Securities Board of Nepal (SEBON) to issue shares to the public. The developer of the 102 MW Middle Bhotekoshi Hydropower Project plans to issue 29.4 million general shares worth Rs2.94 billion in three phases.

In the first phase, the company will issue 14.4 million shares valued at Rs1.44 billion to the depositors and employees of the Employees Provident Fund (EPF) which is financing the construction of the project. In the second phase, the company will issue 6 million shares worth Rs600 million to the project-affected locals of Sindhupalchok district where the power plant is being constructed. In the third phase, the company will make an initial public offering (IPO) of 9 million ordinary shares worth Rs900 million to the general public and its employees.

Middle Bhotekoshi has a debt-equity ratio of 50 percent which refers to the amount of debt it has used to finance the project. The company has taken a Rs6 billion loan from the EPF which is 50 percent of the total construction cost of the project, and the remaining 50 percent will come from the sale of its shares. Out of the total equity investment of Rs6 billion, 49 percent will be raised through the IPO.

The company has appointed Global IME Capital, Civil Capital, NIBL Ace Capital, CBIL Capital, Sanima Capital, Prabhu Capital and Laxmi Capital as issue manager for the IPO.

The development of the Middle Bhotekoshi Project was initiated by Chilime Hydropower Company, a subsidiary of the Nepal Electricity Authority, and the plant was slated to come online by 2017. Construction was delayed by a massive landslide at the project site in 2014 and devastating earthquakes in 2015.

Lately, the construction work on the project has gathered momentum, and it has made around 45 percent progress, according to Sunil Lama, project manager of Middle Bhotekoshi. Project officials told the Post that Guanxi Hydro Electric Construction Bureau, the Chinese contractor hired to implement the project, was making satisfactory progress, and that they were confident of meeting the revised completion deadline of June 2019.

More than 50 percent of the tunnel has been dug. "Out of the 7.1 km of tunnel required for the power plant, 4.1 km has been completed," said Lama. "Currently, the contractor is working on diverting the river so that it can start the construction of the head works of the project."

The development of the project was initially estimated to cost Rs12.28 billion. The project office revised the estimate upward to Rs14.84 billion due to time overruns and an appreciation of the US dollar against the domestic currency.

Source: My Republica; 28 October, 2018

Construction Contract annulled for dilly-dallying

The Raghuganga hydropower project has annulled a construction contract with a contractor after it failed to complete work even seven years after the first deadline.

The contractor company, Gorkha Construction and Swaschanda JV had to complete the work in 18 months but were incomplete even after eight years. Repeated verbal and written communications turned futile, hence the contract was scrapped, managing director of the hydropower project Sriram Pandey said.

A new process will be initiated to complete the remaining works. The contract company had won a contract worth Rs. 111.67 million to build an office and employees residence at Piple in Raghuganga rural municipality-3.

One of the buildings to be built has not been seen its foundation work done, with other buildings too left stranded. As a result, the locals and stakeholders started exerting pressure on the project to annul the contract, said ward chair of Raghuganga-3 Jeevan Malla.

The Rising Nepal; 28 October, 2018

Energy Minister Pun requests Serbian industrialists to invest in country's energy sector

Minister for Energy, Water Resources and Irrigation Barsha Man Pun, who is currently in Serbia to participate in the Euro-Asian Energy Security Forum, has requested Serbian industrialists and entrepreneurs to invest in energy sector of Nepal.

He made this request during a meeting with first Deputy Prime Minister of Serbia Ivica Dacic in Serbia on Saturday. "Nepal has entered the era of stability and has a stable government. So there is conducive environment created for investment," said Minister Pun during the meeting. He referred to the initiatives Nepal is taking for attracting investment to achieve the goal of producing 15,000 megawatts in the next 10 years.

The meeting focused on bilateral welfare and cooperation between the two countries, said the Secretariat of the Minister Pun. Minister Pun during the talks proposed having a common view on the global forum saying both Nepal and Serbia are non aligned countries.

He stressed the exchange of high level visits to further strengthen ties between the two countries. Minister Pun also requested DPM Ivica to help Nepal make its upcoming 'Visit Nepal Year' a success by creating an environment for Serbian citizens to visit Nepal. He personally and on behalf of the Government of Nepal and Foreign Ministry thanked DPM Ivica for visiting Nepal recently.

In return, DPM Ivica said Serbia is ready to further consolidate relations with Nepal, and expected additional cooperation between the two countries in the days to come. He also said he would encourage private sector for energy investment in Nepal.

Source: The Himalayan Times; 30 October, 2018

Need to ramp up investment in energy sector of country stressed

The international donor agencies have been urged to extend support for achieving the government's motto of 'Happy Nepali, Prosperous Nepal' through sustainable development of energy. High-level officials of the government made this call during the fourth International Conference on Renewable Energy Technology for Rural and Urban Development, which commenced in the Capital from today. Government officials speaking on the occasion said that the government has accorded priority to energy development for achieving the sustainable development goals.

Nepal has been producing 30 megawatts of power from small and micro hydel projects and has installed 850,000 solar

systems for domestic lighting, constructed more than 400,000 biogas plants, set up 1.4 million improved ovens, and constructed 10,000 improved water mills, with the financial and technical cooperation of national and international development partners and donor agencies.

Eighteen per cent of the electricity supply in the country is met by small and micro hydroelectricity projects and solar energy. As many as 3.4 million households have benefited from renewable energy technology.

As many as 20 countries are participating in the event jointly organised by the Alternative Energy Promotion Centre under the Ministry of Energy, Water Resources and Irrigation and the Institute of Engineering, Tribhuvan University.

Energy and sustainable development, energy security, climate change and carbon trading, green economic growth, renewable energy technologies, gender mainstreaming and energy, energy efficiency and conservation, energy for economic empowerment of women, power trade and sustainable energy access are the thematic areas of discussions during the conference which will see presentations of workings papers on these topics.

The conference is expected to be helpful in seeking new areas for cooperation, providing a platform for the exchange of international knowledge, experiences and information related to the field of renewable energy.

Kathmandu earlier hosted the conference in 1998, 2003 and 2011. The three-day event, will see the presentation of 80 papers with the participation of around 250 energy experts.

Inaugurating the conference, Minister for Education, Science and Technology Giriraj Mani Pokhrel, said that the government has announced 2018-2028 as the 'energy decade'. He added that under this declaration, every house will be developed as an energy-efficient house and the importance of renewable energy will be incorporated in the school curriculum. "I urge the international donor agencies to extend support to this sector," the minister said.

Finance Minister Yubaraj Khatriwada, said the government has prioritised energy development for achieving the sustainable development goals.

Ambassadors of Germany and Bangladesh to Nepal, Roland Schafer and Mashfee Binte Shams, respectively, Ambassador of the European Union Veronica Cody and the World Bank Country Manager for Nepal, Faris Hadad-Zervos pledged continued cooperation to help Nepal in the energy sector in the coming days.

Source: The Himalayan Times; 30 October, 2018

Himalayan hydro expo to be held in January

Following the success of the first Himalayan Hydro Expo in 2018, Independent Power Producers' Association – Nepal (IPPAN) and Expo and Event Management Services jointly announced today that they will be organising the second edition of the exhibition next year in the Capital. The second edition of the Himalayan Hydro Expo will be organised on January 18-20, at Bhrikutimandap, Kathmandu.

According to Shailendra Guragain, president of IPPAN, the expo will provide a platform for stakeholders in the sector to share the knowledge that they have gained over the years. "We also believe that it will help the government to achieve the targets that it has set in energy sector," he said.

The exhibition will see the participation of various stakeholders like hydropower developers, solar power developers, equipment manufacturers, financing agencies, insurance companies, consulting firms, contractors and engineers. Since the event will bring together stakeholders involved over a wide spectrum of the energy generation sector, it is expected to synergise the energy development goals of the country.

The first edition of the Himalayan Hydro Expo that was organised in 2018 had received encouraging reviews with a footfall of about 50,000 people. The event included exhibits/stalls from over 100 different national and international companies.

The organisers expect over 150 exhibitors to participate in the expo next year. The second edition of the expo will also feature products related to grid connected solar photovoltaic power systems. Further, to provide an onsite experience of hydropower projects, a special arrangement shall also be made for a short visit to various hydropower plants via helicopter as per the organisers.

The exhibition is also scheduled to host various technical sessions and conduct competitions for engineering students. The technical sessions will encompass a wide range of subjects related to innovation in energy generation engineering, construction technology, project management, project financing solution and the like.

This is expected to provide much needed impetus to the hydropower sector in the country, which is currently at its all-time peak.

Nepal is undergoing an energy transformation with unprecedented activity in hydropower construction, increased power generation, eradication of load shedding and process towards meeting the target to produce 15,000 megawatts of energy in next 10 years. Organisers have said Himalayan Hydro Expo 2019 will be a unique and much needed event concerning all stakeholders in the hydropower sector.

Source: The Rising Nepal/My Republica; 31 October, 2018

Shares of Upper Tamakoshi allotted

The Upper Tamakoshi Hydropower Project is allotting its Initial Public Offering (IPO) shares today after four months the Company offered its shares to the project affected people in Dolakha.

The Company had opened the transaction of its shares from last July 31. As many as 276,000 applicants from project affected community had submitted the hydro share applications.

The Company had allotted 16.47 million shares to the project affected people of Dolakha.

Source: The Kathmandu Post; 1 November, 2018

Upper Tamakoshi Hydropower project delayed yet again

456 MW Upper Tamakoshi Hydropower

BIBEK SUBEDI

The Upper Tamakoshi Hydropower Project has extended its completion deadline by six months as it will not be able to switch on one of its six turbines by December 2018 and complete the entire plant by April 2019 as planned.

As per the new deadline, the 456 MW hydropower plant will start commercial generation of electricity by mid-November 2019. This is the third time the project office has pushed back the completion date.

Upper Tamakoshi Hydropower Company, a subsidiary of the Nepal Electricity Authority (NEA) which is developing the peaking run-of-the-river project, said the completion deadline was extended as there was a delay in the completion of the hydro-mechanical component of the power plant.

As per the revised schedule, the project will start filling the tunnel with water in July and conduct various tests which will take more than three months, according to Bigyan Raj Shrestha, NEA-appointed project chief of Upper Tamakoshi. “We will be able to complete the construction and required tests and start commercial generation by mid-November 2019,” said Shrestha.

The project office has cited earthquakes, the Indian trade blockade and various technical issues including dillydallying by one of the contractors as reasons for the delay in the national pride project where 95 percent of the construction works have been completed. Upper Tamakoshi is touted as the strategic project to end the country’s perennial power crisis. The project was rescheduled after Texamo, the Indian contractor hired to execute the hydro-mechanical works, has been working slow. The Indian company is yet to start installing the penstock pipes at the power plant. The penstock pipes deliver water from the dam into the turbines in the powerhouse to generate electricity. The national pride project was originally scheduled to be completed in mid-July 2016, but the 2015 earthquake hit the project very hard. The access road leading to the project site was totally destroyed when the project had completed 79 percent of the civil works. Due to the delay, the project has faced cost overruns. The project was initially planned to be built at a cost of Rs35 billion, but the final bill is now expected to reach Rs50 billion. The total cost will reach Rs70 billion if interest is added. 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.

After the Upper Tamakoshi roars into life, Nepal is projected to have surplus energy at least during the wet season and the NEA will be in a position to export electricity to neighbouring India. During the wet season, surplus energy can be transmitted over the Khimti-Dhalkebar transmission line to the Dhalkebar substation and on to the Dhalkebar-Muzaffarpur cross-border transmission line for export to India.

Source: My Republica; 1 November, 2018

Application for Upper Tamakoshi shares for general public opens today

One must apply for at least 50 units, while maximum limit is 1,000 units

Upper Tamakoshi Hydropower Ltd (UTHL) is floating 15.89 million units of primary shares to general public from Thursday.

The subscription for initial public offering (IPO) of the hydropower company promoted by various public entities will remain opened till Monday).

Nepal Electricity Authority (NEA) is the main promoter of the company with 41 percent ownership, while Nepal Telecom, Rastriya Beema Sansthan and Citizens Investment Trust are the other promoters of the UTHL.

The hydropower company plans to draw Rs 1.059 in capital from the general public.

“The subscription will remain opened for four working days,” Bijaya Lal Shrestha, CEO of Sunrise Capital Ltd -- the co-issue manager of the IPO, told Republica. “If the offering is undersubscribed, the deadline for applying primary shares will be extended for 15 more days,” he added.

However, given the attraction toward the shares of the hydropower company that is building the national pride project, the deadline is unlikely to be extended.

Share can be applied only through Centralized Applications Supported by Blocked Amount (C-ASBA) system from member banks of ASBA. An investor should apply at least 50 units of shares while the maximum limit for subscription is 1,000 units.

The hydropower company, which is building mega hydro project by mobilizing domestic resources, is offering 15 percent of its shares to the general public. This 15 percent primary share is in addition to 105.9 million units of shares which were allotted to the project-affected locals of Dolakha district on Wednesday. Public shareholders, including the locals of Dolakha, will hold 25 percent ownership in the project.

Similarly, 18.3 million units of shares, or 17.28 percent, have already been allotted to the members of Employees Provident Fund, while staffers of EPF and the project received 304,290 units, or 2.88 percent. Staffers of UTHL and NEA have been allotted 3.84 percent, or 4.07 million units of shares.

The 456-megawatt peaking run-of-the-river hydropower project is expected to start generation by mid-July next year, while commercial operation of the project is projected to start by mid-November at earliest next year.

According to Bigyan Prasad Shrestha, the project chief of UTHL, the estimated cost of the project is Rs 49.29 billion, up from the initial estimate of Rs 35 billion. However, after adjusting interest payment of the project, the cost will go up to Rs 70 billion, up from the initial estimate of Rs 47 billion. The project has been paying interest up to 12 percent per annum for loans that it has taken to develop the project. “Our efforts will be to start providing return to shareholders, including public, from the very first fiscal year of commercial operation of the project,” said Shrestha.

The Rising Nepal; 1 November, 2018

Locals get upto 102 units share of Upper Tamakoshi

Upper Tamakoshi Hydropower Project has allotted its share in initial public offering (IPO) to the project affected people in Dolakha district, Dr Ganesh Neupane, Spokesperson of the Company said.

Based on the application, those in the category 'A' received the highest 102 unit shares, 48 units share by the category 'B' applicants and 34 unit shares was given to the applicant from category 'C'. The people were classified in three separate categories of 'A', 'B' and 'C' based on the affected areas from the Upper Tamakoshi Hydropower Company. As per the classification, category 'A' was regarded as being the highly affected locals, category 'B' as affected locals and category 'C' refers to other locals from Dolakha district.

The company had issued the IPO of 10.59 million units of share for the affected people and more than 250,000 people applied for the IPO. Citizen Investment Trust and Sunrise Capital were the issue managers for the IPO issuance.

According to Dr Neupane, the non-allotted amount of the applicants would be deposited in the applicants' bank accounts within some days.

Source: The Kathmandu Post; 2 November, 2018

Government moves to establish electricity commission

BIBEK SUBEDI

The Ministry of Energy, Water Resources and Irrigation (MoEWRI) has initiated the process to set up a commission to regulate the energy sector, more than a year after an act was passed for its establishment.

Minister for Energy, Water Resources and Irrigation Barsha Man Pun on Wednesday formed a three-member committee headed by Irrigation Secretary Sanjay Sharma to appoint office bearers to the Nepal Electricity Regulatory Commission (NERC), a powerful body to regulate the country's energy sector.

Electricity expert Megh Bahadur Bishwokarma and MoEWRI Joint Secretary Toya Nath Adhikari are the other members of the committee. The panel is mandated to recommend candidates for commissioner and members to the government.

Committee coordinator Sharma told the Post that he would initiate the selection process after the Tihar festival which begins next week. Sharma is yet to receive a formal letter about the formation of the committee.

As per the Electricity Regulatory Commission Act, the committee is required to publish a 15-day notice inviting proposals from interested Nepali citizens. The committee has to recommend the names of the commissioner and four members within 21 days.

In order to qualify for the position of commissioner, a candidate should have served in a government office as secretary or hold a Master's degree in economics, science, political science or commerce besides possessing 25 years' experience in the related field. In order to be eligible to apply for the position of member, one must have a Master's in one of the aforementioned subjects and 15 years' experience in the related field.

The Cabinet will name the commissioner and members of the NERC. Subsequently, the panel will appoint other staff to give full shape to the commission, according to the ministry.

The NERC will supersede the existing Electricity Tariff Fixation Commission and set the charges that customers will have to pay to the Nepal Electricity Authority (NEA), the state-owned power utility. The commission will fix the electricity tariff after holding a public hearing.

The commission, according to the regulations, will also establish a code that various entities under its jurisdiction will have to follow. The code will specify standards for the construction of hydropower plants, transmission lines and distribution networks. It will also determine the voltage that will be supplied to customers by the utility.

The commission will also have a full mandate to determine the power purchase rate for the state-owned power utility. At present, the NEA is the sole buyer of electricity in Nepal, and it has been fixing the rate for the purchase of electricity from hydropower projects. Also, the power utility has to obtain the commission's approval to sign power purchase agreements with project developers.