

Source: The Kathmandu Post, December 16, 2018

## India proposed for Cross-Border Transmission Line Project

The state-owned power utility, Nepal Electricity Authority and the Central Electricity Authority of India are scheduled to meet in December to finalise the funding and implementation modalities for the New Butwal Gorakhpur Cross-Border Transmission Line Project.

As mandated by the fifth energy secretary-level joint steering committee meeting held between Nepal and India in April, the two authorities have to study the power transfer requirements of both countries and recommend the funding and operation modalities. According to the Nepal Electricity Authority (NEA), their Indian counterpart has already communicated with them to hold the meeting. "They have proposed to hold the crucial meeting to finalise the funding and operation modalities by the end of December," said NEA Spokesperson Prabal Adhikari. "We will soon visit India to finalise the deal."

Although both countries have agreed that the Nepal portion of the 400kV cross-border power line will be constructed by Nepal using its own resources, they are yet to finalise the modality for the construction of the line on Indian territory.

"In regard to the Indian portion of the power line, both sides agreed that the line would be required by Nepal to import power from India in the initial few years and subsequently the power would be exported from Nepal to India," reads the minute of the fifth joint steering committee (JSC) meeting.

"Keeping this in view, the CEA and the NEA shall study and suggest quantum of utilisation of transmission capacity through the power line vis-a-vis its implementation/funding modalities."

Based on the recommendation from the NEA and Central Electricity Authority (CEA), the sixth joint steering committee (JSC) meeting scheduled in January will decide how funds will be arranged for the construction of the cross-border power and how it will be operated. Top officials of the two authorities had their first meeting in July. But it ended inconclusively after the CEA officials present in the meeting informed their Nepali

counterparts that they needed consent from their higher authorities to finalise the modalities.

The Energy Ministry is anxious to execute the project as Nepal has already arranged the financing to build its portion of the transmission line. It is planning to construct the transmission line with a grant provided by Millennium Challenge Corporation (MCC), an independent US government agency. An agreement to this effect has been signed, but the Nepal government must get the Indian government's consent over the financial terms and operational modality for the agreement to enter into force, as per the preconditions set by MCC.

Delays in reaching a conclusion regarding the financial and operational modalities will affect the implementation of the Electricity Transmission Project being executed by a \$500 million grant from the MCC, which includes the construction of approximately 300 km of double-circuit 400 kV transmission lines in central Nepal.

There are five components in the project—one segment starting from the northeast of Kathmandu at Lapsiphedhi and extending to the west of Kathmandu near Ratmate, a second segment from Ratmate to the industrial town of Hetauda located south of Kathmandu, a third segment from Ratmate to Damauli in the west, a fourth segment from Damauli to Butwal in the southwest, and a fifth segment from Butwal to the Indian border which is part of the cross-border transmission line.

Source: The Kathmandu Post, *Published: 08-12-2018 08:45*

# India opens door wider to electricity exporters

Dec 8, 2018-

India opened the door wider to power exporters by removing a discriminatory provision in the Guidelines on Cross Border Trade of Electricity under which Nepali-based hydropower projects which are owned by the Indian government or have a majority Indian share are only allowed to export power to India.

This condition essentially bars plants built with Nepali or third country funding from exporting electricity to India, and its removal has been hailed as a major boost for Nepal's energy sector.

According to the Energy Ministry and the Indian Embassy, the Indian Power Ministry has prepared a new draft of the guidelines minus the provision allowing only Nepali-based companies wholly owned by the Indian government or the public sector or private companies with a 51 percent or more Indian stake to sell power to India.

Moreover, companies owned or controlled by the Nepal government will be able to export power to India after getting a one-time approval from Indian authorities, as per the guidelines.

According to the guidelines issued by the Indian Power Ministry in December 2016, other companies wishing to sell power to India have to obtain the approval of the designated authority on a case-by-case basis. The provision was discouraging to foreign investors and private Nepali power developers planning to build export-oriented hydropower projects with an eye on the Indian market.

A highly placed source at the Indian Embassy in Kathmandu said the Indian Power Ministry had already shared a draft of the amended guidelines with the Nepal government. Energy Ministry officials told the Post that they were yet to receive a copy of the draft although they had been unofficially informed about the changes to the guidelines.

"We haven't received a copy of the draft of the amended guidelines, but we have heard that the Indian government is removing some of the offending provisions following our objection," said Dinesh Kumar Ghimire, joint secretary at the Energy Ministry.

After the Indian Power Ministry introduced the guidelines favouring Indian entities over Nepali and third country companies generating power in Nepal, there was widespread criticism from government officials and private hydropower developers in the country.

"The previous guidelines were against the spirit of the Power Trade Agreement (PTA) signed between Nepal and India in 2014 which requires both countries to allow non-discriminatory access to cross-border electricity market," said a ministry official requesting anonymity. "This is a welcome move by India after our consistent engagement for the last couple of years." Nepal had repeatedly raised the issue with India and also during the prime minister's two visits to India.

Access to the Indian power market is vital for Nepal because supply will surpass domestic demand massively if it is able to tap its entire hydro potential.

Source: My Republica, December 18, 2018

### **Tanahu Hydropower safe but Sahas Urja in trouble**

Italian firm Cooperativa Muratori e Cementisti (CMC) di Ravenna has won two other major contracts in the last 18 months, probably due to a good track record in the tunnel work in Melamchi. But the apparent attempt to abscond by key staff and also poor financial health back in Italy have put at risk one major independent power producer in Nepal.

Tanahu Hydropower Limited (THL), a subsidiary of Nepal Electricity Authority, picked the contractor recently for dam work at the 140 MW Tanahu Hydropower Project. But it has not yet mobilized the contractor and no advance payment has been made. The contract is worth Rs 18 billion.

NEA Managing Director Kulman Ghising informed that they were close to becoming a liability but are safe till now as no payment has been made. The project however may take some time to select another contractor.

“The company has been asked in Italy to pay all its debts within 60 days,” said Ghising. But Sahas Urja Limited (SUL), which is building the 86 MW Solukhola Dudhkoshi Hydropower Project, is believed to have landed in major trouble. It has awarded the Rs 11.86 billion project on an Engineering Procurement and Contract (EPC) model.

The contract price has not yet been made public but it is estimated that the company has already made a sizable payment.

SUL signed an agreement with CMC in June last year. Company Chairman Him Prasad Pathak did not receive calls or respond to SMS. Kumar Pandey, vice president of Independent Power Producers Association Nepal, confirmed that the project has landed in trouble as the contractor is in trouble.

Source: The Himalayan Times, December 17, 2018

## NEA signs PPA with 52 projects in five months

**KATHMANDU:** The Nepal Electricity Authority (NEA) has, in the first five months of the current fiscal year, signed the power purchase agreement (PPA) with 52 hydropower projects. According to NEA Spokesperson Prabal Adhikari, the total capacity of such projects is 1,051 megawatts.

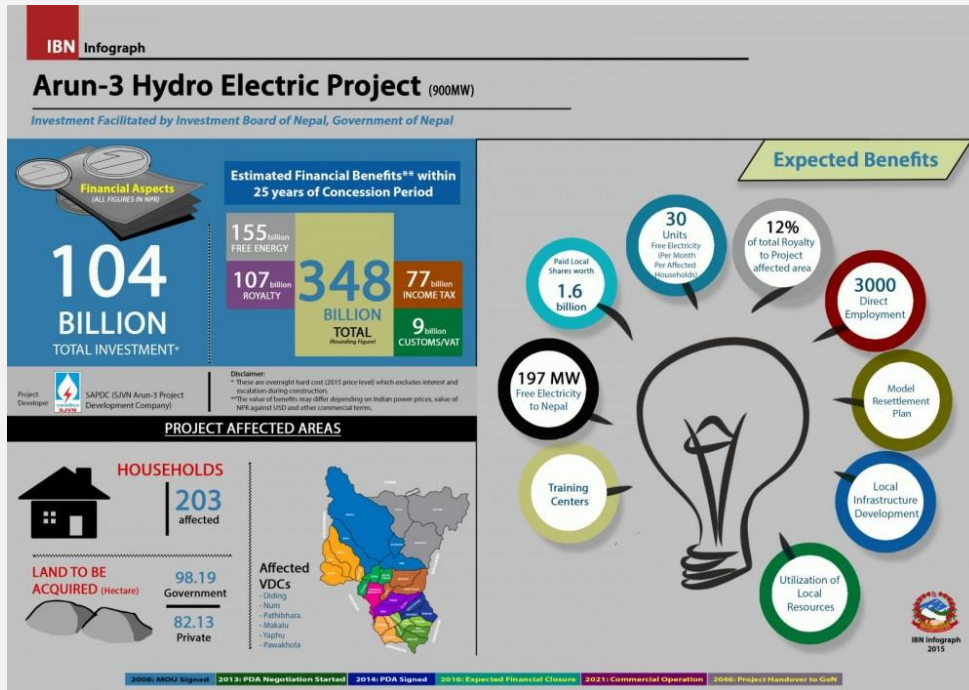
All of the projects are private sector investments, and their promoters have been urged to complete the fiscal management as soon as possible and move to the construction phase. On the very first day of the current fiscal year, the NEA and the Arati Hydro Power Company had signed the PPA. The company has acquired generation license for the 14.10-mw Upper Irkhuwa Hydropower Project based in Bhojpur district.

Similarly, the NEA has signed the PPA for 12-mw Dudhukunda Khola project based in Sankhuwasabha; and the 1.5-mw upper Gadigadh project.

It plans to sign the PPA with additional 12 projects with 70 mw capacity in near future. It may be noted that the December 11 meeting of the NEA Board of Directors held under the chairmanship of Minister for Water Resources and Irrigation Barshaman Pun, decided to make the PPA under the 'Take or Pay' concept.

The government targets to generate 15,000 mw power by the next 10 years, making the country self-sufficient on power production.

# India's Sutlej offers to sell Arun III power



The Indian developer of the export-oriented 900 MW plant located in eastern Nepal wrote to Investment Board Nepal asking if the Nepal government would be willing to buy 10 percent of the total energy available for export

Dec 18, 2018-SJVN Arun III Power Development Company is proposing to sell 10 percent of the energy available for export from the Arun III Hydropower Project to the Nepal government.

Last week, the Indian developer of the export-oriented 900 MW plant located in eastern Nepal wrote to Investment Board Nepal (IBN) asking if the Nepal government would be willing to buy 10 percent of the total energy available for export.

As per the project development agreement (PDA) signed between SJVN and the board, Nepal will receive 21.9 percent of the total energy generated by the project free of cost while the developer has rights over the rest of the output.

The pact also requires the developer to offer 10 percent of the electricity from its share to the Nepal government on commercial terms.

“As we have secured a market for 90 percent of our share of the energy, we have sent a proposal to IBN asking if the Nepal government would be interested in buying the rest of the electricity as provisioned in the PDA,” said Hari Ram Subedi, resident representative of SJVN in Nepal.

IBN has forwarded SJVN’s proposal to the Nepal Electricity Authority (NEA), the sole offtaker of electricity in the country. The state-owned power utility acknowledged that it had received SJVN’s proposal, but said it contained no commercial terms.

“The proposal we have received does not give the terms and conditions or the selling price,” said NEA spokesperson Prabal Adhikari. “We will ask SJVN to clearly mention the terms and conditions and the tariff rate. If they quote a reasonable rate, we will purchase the electricity generated by Arun III.”

SJVN is carrying out work on the construction site of the Arun III plant on a war footing after Prime Minister KP Sharma Oli and Indian Prime Minister Narendra Modi jointly laid the foundation stone for the project remotely in May during Modi’s Nepal visit. SJVN has appointed contractors to execute the construction work, and currently has 2,000 labourers working on the site.

Workers have started digging a diversion tunnel to channelise the water from the river to the dam.

According to IBN, Nepal will receive Rs348 billion over 25 years from the project. The project developer will also provide 21.9 percent of the energy free of cost, which is worth Rs155 billion, plus another Rs107 billion in royalties.

Source: The Kathmandu Post, December 20, 2018

## Fate of Tanahu Hydropower Project uncertain

Dec 20, 2018-

The fate of Tanahu Hydropower Project has become uncertain after Cooperativa Muratori e Cementisti di Ravenna, the Italian contractor appointed to implement the scheme, got into a liquidity crisis.

The plant is being developed by Tanahu Hydropower Limited (THL), a wholly owned subsidiary of the Nepal Electricity Authority.

In October, THL signed a contract with the Italian company to execute the first package of the 140 MW storage hydropower plant which includes the formulation of a detailed design and the construction of the headworks.

However, before releasing the advance payment to mobilise the contractor at the project site, CMC Ravenna landed in a liquidity problem, putting project officials in a dilemma over their next step.

The Italian contractor which has bagged the contract worth Rs20.64 billion to execute its portion of the work is asking the project office to release the advance payment, THL officials are reluctant to do so. "If we release the payment, the contractor might flee the country without executing the work," said a THL official requesting anonymity. "Also, we are not in a position to terminate the contract legally unless the contractor is declared bankrupt."

According to the source, THL is holding consultations with the Nepal Electricity Authority and the Energy Ministry before taking any decision in this matter.

"We have been informed that the Italian Court has given 60 days to CMC Ravenna to settle its debts. In case it fails to settle its debts, the contractor will be declared insolvent, paving the way for us to terminate the contract," said the source. "However, if CMC Ravenna isn't declared bankrupt, we will release the advance payment only after signing a separate contract under which the money can be spent only at our project."

The Post's repeated attempts to contact Salvatore Casciare, the CMC Ravenna representative in Nepal, were not immediately successful.

The Tanahu Hydropower Project will be one of the biggest reservoir-type projects in the country with an estimated annual energy generation capacity of 587.7 gigawatt hours in the first 10 years of operation. The project can generate energy for six hours daily during the dry season.

THL is developing the project using a credit facility extended jointly by the Asian Development Bank, Japan International Cooperation Agency and European Investment Bank. The project is estimated to cost \$550 million.



Source: My Republica, December 19, 2018

## **Dharan sub-metropolis obstructs Koshi corridor transmission line**

KATHMANDU, Dec 19: Dharan sub-metropolis has obstructed the work of Koshi Corridor Transmission Line, claiming that the double circuit 220 KVA line will damage the potential of paragliding from Chundanda. The local body is also not happy that the 105-kilometer-long line passes through Gorkha Park.

The sub-metropolis has asked the Nepal Electricity Authority (NEA) to change the alignment of the project to avoid both situations.

However, according to NEA's Managing Director Kulman Ghising, changing alignment is impossible at this hour.

The NEA had organized public hearings and also received consent from all concerned local level authorities while preparing the project plan.

Changing designs of new pylons will be time-consuming and the costs will be inflated if the alignment has to be changed now, Ghising said.

Speaking at a meeting of Province 1 lawmakers in Kathmandu on resolving the dispute, Chief Minister of the Province Sher Dhan Rai on Monday asked local governments not to obstruct projects of this scale and political leaders not to take positions based on undue local pressure.

Upon completion, the transmission line, regarded vital for the region, will evacuate energy generated by power plants of several districts including Sankhuwasabha. But with the imminent halting of the ongoing work, hydropower plants that are planning to begin generation within the next year or so are sure to be affected.

Independent Power Producers (IPPs) who want to evacuate power through the line have formed a user group to lobby for timely completion of the project.

Chief Minister Rai said that the line was important for meeting the five-year target of generating 1500 MW in the province. "I will initiate talks at the provincial level and also at the local level to resolve the issue," Rai said.

Basanta Nembang, lawmaker for the federal parliament from Panchthar district, said that the delay in the transmission line may hit under-construction projects worth Rs 100 billion.

"The delay in the development of transmission line will not only increase costs but also risk the loans of banks that have financed the projects," added Nembang.

Rajendra Gautam, lawmaker for the federal parliament from Sankhuwasabha district, criticized both the projects -- paragliding and park -- for being thrown all of a sudden. "These hurdles are artificial and the attempt is to seek compensation to the level people would get from the Indian developer of Arun III project," he said.

The line starts from Sunsari and passes through Terhathum and Dhankuta districts to reach up to Sankhuwasabha.

The project has also suffered obstruction by district forest offices who would not allow cutting down trees despite cabinet approval.

Source: My Republica, December 21, 2018

## **Kaligandaki power transmission line construction works hampered**

PARBAT, Dec 20: Works on the construction of power transmission line of the Kaligandaki Hydropower Project have been affected as the project of national pride awaits orders to chop off trees for the purpose.

The project is waiting for the green signal to cut trees along the alignment of the 220 KVA transmission grid from Dana of Myagdi to Khurkot of Parbat. As a result, the construction of 30 pylons on the Dana-Khurkot transmission line has been stalled.

Although the Council of Ministers on December 28, 2017, made a decision to permit cutting down 4,208 trees on the Kaligandaki Transmission Line Corridor, the decision has not been implemented. The government had also decided to give 2.58 hectares of land for use for the construction of the 30 power pylons to the project.

Project chief Chandan Kumar Ghosh said the work of constructing the power pylons and connecting cables has been stalled as the decision of the Council of Ministers remained unimplemented for a year. The project has not been able to enter the forest area as it is not authorized to cut down trees for proceeding ahead with the construction works.

Regarding the issue, the Division Forestry Office Myagdi said that the order to cut down trees has been stopped as the project has not given any heed to implementing the agreement it reached with the Department of Forests that it should provide land equal in area that it would occupy in the forest area.

As per the agreement, there is also the alternative of making cash payment equivalent to the cost of the land that needed to be acquired including the cost required for planting and taking care of the tree saplings in case land could not be given.

However, the project chief Ghosh said that they have not found appropriate land to be made available to the District Forestry Office and were ready to make the payment in cash if the office gave them the figure of land valuation.

Nepal Electricity Authority is constructing a sub-station each at Dana and Khurkot, and the 39-kilometer transmission line for feeding in the electricity to be generated from the project. The project is under construction in the northern belt of Myagdi and in Mustang. Eleven community forests are affected by the project in Myagdi. It is stated that 477 large trees and 981 small trees need to be chopped off for the transmission line in Myagdi. So far 81 out of the total 114 towers of the project have been constructed. Sub-stations are also under construction at Dana of Annapurna rural municipality-3 and at Khurkot of Kushma municipality-1 in Parbat. Six kilometers power cables have been installed at places where the towers have been constructed. Contract agreement had been reached with Tata Projects and Chint Electric JV in 2016 for the construction of the sub-station and the transmission line from Dana to Khurkot. The project cost is Rs 2.90 billion and it is being constructed with the cooperation of the Asian Development Bank.

The term of the project contract has been extended by six months. It was set to be completed in November 2018. More than 70 percent of the project's works have been completed, project chief Ghosh said. RSS

Source: The Himalayan Times, December 21, 2018

## **Over 70 exhibitors book stalls for expo**

**KATHMANDU:** More than 70 exhibitors have booked their stalls for the Himalayan Hydro Expo, which is scheduled to begin in Kathmandu from January 18.

The Independent Power Producers' Association, Nepal (IPPAN) and Expo and Event Management Services are jointly hosting the event to promote the country's hydel sector.

Issuing a press statement on Thursday, organisers said that both domestic and foreign participants have been increasingly booking their stalls for the exhibition.

The event is expected to have more than 100 stalls that will be engaged in promoting the hydropower sector by displaying hydel equipment, and providing information on funding, insurance and investment potential in the sector.

The three-day expo will also have three seminars every day on the potential and challenges in the country's hydropower sector.

