

Source: The Kathmandu Post, December 29, 2018

Indian firm to build 220kV power line

- BIBEK SUBEDI, Kathmandu

Tanahu Hydropower Limited, the wholly owned subsidiary of state-owned power utility Nepal Electricity Authority, has selected KEC International to construct the transmission line to evacuate electricity generated by Tanahu Hydropwer Project.

The Tanahu Hydropower Limited (THL) on Wednesday, signed a contract worth \$6.78 million and Rs218.4 million with the Indian firm to construct a 220kV double circuit power line stretching from Damauli, Tanahu to Bharatpur, Chitwan. As per the contract, the Indian company has to build the 33.5-km long transmission line within 1122 days.

The contract will only be effective once the THL releases the advance payment to the contractor. According to THL Managing Director Pradip Kumar Thike, the company will soon release the advance payment to mobilise the contractor at the project site, thereby making the contract effective.

Once mobilised, the Indian contractor will fix the alignment through which the power line will pass. "After the alignment is fixed, we will know about the volume of land required to pull the cable and erect the tower for the power line," said Thike. "Then we will start the land acquisition process."

The THL is developing the transmission line to evacuate the electricity generated by the 140MW storage project with loan assistance from the Asian Development Bank, the Manila-based multilateral lender.

Although the THL is moving along with the construction of the power line project, development of the Tanahu Hydropower is still in limbo after Cooperativa Muratori e Cementisti di Ravenna, the Italian contractor appointed to implement civil works of the scheme got into a liquidity crisis.

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. Although the Italian contractor is asking the THL to release the advance payment, saying it will start the construction, project officials are reluctant to do so as they fear the CMC might misuse the fund without deploying it in the construction of the hydropower plant. According to Kulman Ghising, managing director at the Nepal Electricity Authority, the parent company of the THL, they are currently in consultation with the Energy Ministry before taking any decision on the matter.

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. The 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: The Himalayan Times, December 29, 2018

SDF approves financing of two energy projects in Nepal

The SAARC Development Fund (SDF), which was established by the heads of the eight SAARC member states in April 2010 as an umbrella financial institution for SAARC projects and programmes in the SAARC region, has approved the financing of two energy projects in Nepal.

The fund works for promoting the welfare of the people of SAARC region, improving their quality of life, and accelerating economic growth, social progress and poverty alleviation in South Asia.

Sunil Motiwal, chief executive officer of SDF, informed that during the 30th board of directors meeting held in New Delhi on December 19-20, the board approved the financing of the 220 kV transmission line project for Nepal Electricity Authority under sovereign lending to the government of Nepal with participation of India. It also approved financing for the 37-megawatt Upper Trishuli hydroelectric power plant for Hydroelectricity Investment and Development Company Ltd.

These projects are considered to be high-priority projects of the government of Nepal in the energy sector and extends participation of India. The Ministry of Finance has assured strong commitment for speedy implementation of these projects. The cumulative fund commitment for these two projects is \$30 million. Overall, the SDF fund commitment under its three windows stands at \$148 million.

Motiwal expressed confidence that the project will help Nepal in harnessing and transmitting hydropower in Nepal. The project will help to achieve economic development in the region and promote welfare and prosperity of the people in the SAARC region.

Motiwal also informed that for the development of a healthy credit portfolio, SDF will raise funds from various international financial institutions, multilateral development banks and commercial banks for lending to various projects and programmes in the SAARC member states as there is requirement of large quantum of fund to finance the infrastructure gap in the SAARC region. He emphasised on the need to create an

integrated, poverty-free, and prosperous South Asian region through project funding and collaboration.

The fund has been working to promote regional cooperation and integration and envisages acting as a catalyst for infrastructure funding in the region by forming consortium of funding agencies and co-financing of such projects.

Source: The Himalayan Times, December 30, 2018

NEA cancels contract on New Khimti-Bahrabise transmission line

KATHMADU, Dec 30: A contract for the first section (New Khimti-Bahrabise) under the Tamakoshi-Kathmandu 400 KV transmission line has been cancelled, citing the violation of the terms and conditions.

The Nepal Electricity Authority (NEA) took the move for not meeting the conditions and failing to start works on time by the contractors. A Chinese contractor company Guangxi Transmission and Substation Construction Company and the Shenzhen Clou Electronics Co Ltd were jointly awarded the contract for the construction of the New Khimti-Barhabise section.

The contract was terminated few days ago, seizing the 10 percent of the works executions securities, project chief Nawaraj Ojha said.

The NEA had signed the contract with the two companies on September 27, 2016 and it was expected to be complete by the fourth week of upcoming May. The contract was awarded at the cost of 14,543,000 US dollar and Rs 616,736,000.

With the confiscation of securities, the NEA has received Rs 145 million and Rs 60 million. According to the NEA, despite the completion of the 74 percent of contract time, the companies failed to begin the works of initial phase.

Source: The Kathmandu Post, December 30, 2018

2018 IN RETROSPECT : THE YEAR OF PROMISES

Enough power, not enough power lines

- *Although Nepal's energy sector looks promising in 2019 on the generation front, the NEA is still struggling to complete key transmission lines required to transport electricity from the power plants to the national grid.*

Nepal marked 2018 with the completion of the Chameliya Hydropower Project, one of the most delayed infrastructure projects in the country. The execution of the 30 MW project in the far western region a decade after its construction began came as welcome news for Nepalis. Moreover, it was huge relief for the national energy sector, which continues to rely heavily on electricity imported from India to keep itself free from the massive power cuts prevailing up until a few years ago.

Following the completion of the Chameliya project, the government quickly announced that other energy projects would be expedited, putting the country on track to become self-reliant in energy. The Nepal Electricity Authority (NEA), the state-owned power utility, was counting on two hydropower projects—456 MW Upper Tamakoshi and 14 MW Kulekhani-3—to end the country's reliance on power imports. However, the power utility's plans to begin operating the two plants by the end of this year didn't materialise due to dilly-dallying on the part of the contractor, despite the completion of most of the construction work.

More than 95 percent of the construction work on Upper Tamakoshi has been completed, but Texamo, the Indian contractor responsible for the hydro-mechanical work, has yet to undertake the crucial job of installing the penstock pipes. Likewise, due to the poor performance of Jheijian Jialin, a Chinese company responsible for the electro-mechanical works at Kulekhani-3, the project, launched in 2008, has yet to generate electricity 10 years later. "It is disappointing that we were unable to complete these two projects by 2018 despite finishing most of the construction work," said Nepal Electricity Authority spokesperson Prabal Adhikari.

Although eight privately owned hydropower projects, apart from Chameliya, with a combined installed capacity of 53.8 MW came into operation in 2018, the increased power generation was still not enough to meet the national demand for electricity.

As a result, Nepal continues to rely on electricity imported from the southern neighbour to guarantee regular power and ensure that the country does not slip back into darkness. Currently, the Nepal Electricity Authority is importing around 500 MW from India through more than a dozen cross-border transmission lines to meet energy demand during peak hours, as the power generated by domestic hydropower projects is far below their installed capacity due to shrinking water levels in their feed rivers.

As a majority of hydropower plants in the country are run-of-the-river, their output fluctuates with the water level in the rivers where they are located. As such, power generation drops sharply during the dry season when there is less discharge. Domestic hydropower projects produce around 650 MW of electricity, well below their combined installed capacity of 1,027 MW. According to Adhikari, power imports from India might increase further in the coming weeks as output drops in the domestic hydropower plants.

Kulman Ghising, managing director of the Nepal Electricity Authority, said power imports from India were a temporary measure and would end as soon as a few hydropower projects that are on the verge of completion come online. “Upper Tamakoshi and Kulekhani-3 missed the completion deadline on multiple occasions due to contractual issues, but we are on track to finish these projects by this fiscal year,” said Ghising. “It will be Nepal’s first step towards being self-reliant in electricity.”

Although the country’s energy sector looks promising in the coming year on the generation front, the Nepal Electricity Authority is still struggling to complete key transmission lines required to transport electricity from the power plants to the national grid. Strategic power line projects being developed by the utility, like in the Kabeli, Solu and Koshi corridors, have missed their completion deadlines due to a number of reasons, including political instability, negligence of the contractor, obstruction by landowners and delayed permission to clear trees.

Sailendra Guragain, president of the Independent Power Producers' Association Nepal, warned that further delays in the completion of key power line projects could impact the morale of developers. "The Nepal Electricity Authority has failed to expedite the transmission line projects, and that will cost power developers billions," said Guragain.

The Hewa Khola Hydropower Project, a privately-owned plant, is losing out on Rs200 million in revenue annually as it is unable to feed the electricity generated into the national grid due to lack of adequate transmission lines. The project was supposed to evacuate its electricity to the national grid over the Kabeli Corridor, but delays in the completion of this power line has forced the developer to bear a massive loss.

According to Khadga Bahadur Bisht, former president of the association, the government needs to come up with appropriate policies to address the bottlenecks faced by power line projects. "If the government fails to address the problems in time," he said, "it will lead to a situation where power plants will generate enough electricity to meet the national demand, but it will be of no use as there won't be enough power lines to evacuate it."

Source: My Republica, December 30, 2018

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Source: The Kathmandu Post, January 1, 2019

Five companies picked to set up solar plants

The Nepal Electricity Authority recently selected five private developers to construct solar power plants at five locations and supply the electricity generated to its nearest substations.

FDSN-LAMA, Sharma and Surya, Hansraj Hulaschand and Company, Mainachuli-Roshan and a joint venture of Himalayan Infrastructure Development Company and Ram Construction will build solar power plants with a combined installed capacity of 24 MW.

FDSN-LAMA will supply 8 MW of solar energy to Sivpur Chandrauta substation, Sharma and Surya and Hansraj Hulaschand will supply 4 MM and 2 MW of solar electricity to substations in Pokhara and Prasi respectively. Mainachuli-Roshan and the Himalayan Infrastructure Development Company-Raman Construction joint venture will supply 5 MW to Bulu Chowk and Gandak substations each.

The state-owned power utility is planning to sign power purchase agreements (PPA) with the firms within four months.

The developers are required to complete the construction and installation of their plants and start supplying electricity within a year after signing the PPAs. They have to supply electricity for a period of 25 years.

The developers will receive Rs16.60 per unit until June 30, 2022 and Rs6.60 per unit thereafter. The high tariff until June 2022 is due to the viability gap funding of Rs10 per unit being provided by the Nepal Electricity Authority, according to Manoj Silwal, chief of its Project Management Directorate.

The power utility has signed an agreement with Manila-based multilateral lender Asian Development Bank (ADB) to provide viability gap funding to the developers of the solar plants. The ADB is providing an \$18.5 million grant to the Nepal Electricity Authority to provide viability gap funding under the South Asia Sub-Regional Economic Cooperation Power System Expansion Project. "As the ADB grant will cover the viability gap funding till June 2022, the developers will get more more only till that date," said Silwal.

This is not the first time the Nepal Electricity Authority is including solar power in its energy mix. It has signed PPAs with 12 solar projects previously with a combined installed capacity of 53.14 MW in a bid to diversify its power sources by increasing the share of solar power in its energy mix.

Developer	Installed capacity
FDSN-LAMA	8 MW
Sharma and Surya	4 MW
Hansraj Hulaschand & Company	2 MW
Mainachuli-Roshan	5 MW
Himalayan Infrastructure and Raman Construction	5 MW

Source: The Kathmandu Post, January 3, 2019

Anup Kumar Upadhyay tipped to head electricity commission

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The government is set to appoint former energy secretary Anup Kumar Upadhyay as chair of the powerful Nepal Electricity Regulatory Commission that will oversee the country's energy sector. A committee formed to select the chairman and members of the commission recommended Upadhyay's name to the government. The Energy Ministry has sent the proposal to the Cabinet for its approval.

The selection panel led by Irrigation Secretary Sanjay Sharma picked Ram Prasad Dhital, Rameshor Prasad Kalwar, Ram Krishna Khatiwada and Bhagirathi Gyawali as members of the commission, according to a ministry official. "We registered the proposal recommending the aforesaid five candidates at the Cabinet on Tuesday," said the source. "The next Cabinet meeting will likely appoint the chairman and members of the commission."

Eighteen hopefuls had applied for the top positions at the Nepal Electricity Regulatory Commission. Five applicants including two former energy secretaries—Anup Kumar Upadhyay and Shree Ranjan Lakaul—applied for the post of chairman while 13 others submitted applications to become members of the commission. Upadhyay recently resigned as energy secretary so that he could apply for the position of the chair.

The ministry initiated the process of setting up the commission to regulate the energy sector more than a year after an act paving the way for its establishment was passed by forming the selection committee. Energy Minister Barsha Man Pun formed the committee several months ago to recommend the names of the office bearers.

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

The commission 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 Nepal Electricity Authority 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.