

Source: The Kathmandu Post, March 9, 2019

Middle Bhotekoshi Hydroelectric project hits another setback

- BIBEK SUBEDI, Kathmandu

The construction of the Middle Bhotekoshi Hydroelectric Project, which had started to pick up speed after being stymied by a series of natural disasters like the 2015 earthquake, floods and soil erosion, has once again hit a setback with the contractor having money problems.

Gaungxi Hydro-Electric Construction Bureau, the contractor for the civil and hydro-mechanical works at the 102 MW plant located in Sindhupalchok district, has not been able to bring the appropriate equipment for lack of cash, raising concerns about the quality of construction.

The consultant for the project said the Chinese contractor failed to maintain the quality of construction at the head works as per the contract agreement. The consultancy firm Tractebel has asked the Chinese contractor Gaungxi to bring equipment like tower cranes, mobile cranes and green cutters to ensure quality of construction. Such machinery is used while concreting the civil structure.

Project owner Madhya Bhotekoshi Jalavidyut Company has also dispatched a notice to correct letter to Gaungxi asking it to bring the equipment named by the consultant and maintain adequate stocks of construction materials.

“We sent the letter on February 27 asking them to mobilise the proper equipment and put together a 45-day supply of construction materials in 14 days and complete digging 250 metres of tunnel in one month,” said Sunil Lama, the company appointed project chief of Middle Bhotekoshi. “If the contractor fails to comply with the direction, it might lead to the contract being terminated.”

According to Lama, the Chinese contractor has a cash flow problem. “We hired Gaungxi under an engineering procurement and construction contract; and accordingly, the contractor has to purchase the equipment required for the construction on its own,” said

Lama. “But the contractor is short of money to buy such machinery, and without such machinery, it is impossible to achieve the desired quality of construction.”

As a result, the project is going to miss its completion deadline of June 2019. The 102 MW plant will take another two years to start generating electricity, according to Lama. “Even if we carry out the construction work at a rapid pace, it will take at least one and a half years to complete it,” he said.

The contractor has completed digging more than 60 percent of the tunnel which will channelise water from the Bhotekoshi River to the powerhouse to generate electricity. Out of the 7.1-km length of the tunnel, 4.5 km has been dug. Similarly, the contractor is constructing the civil structure of the powerhouse.

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 Nepali rupee.

Source: The Himalayan Times, March 12, 2019

Govt move to empower IBN draws flak

SUJAN DHUNGANA

With the aim of appeasing foreign investors before the investment summit scheduled for March 29 and 30, the government has introduced a couple of legal provisions, including the Public Private Partnership and Investment Bill centralising investment-related power with the Investment Board Nepal.

However, the Public Private Partnership and Investment Bill that proposes giving additional teeth to the prime minister-chaired IBN, has drawn flak from lawmakers, including those from the ruling Nepal Communist Party (NCP).

The bill, which was passed by the Finance Committee today and is likely to be tabled in the Parliament tomorrow, states that foreign direct investment worth more than Rs 6 billion has to be approved by the IBN though earlier the board could approve only FDI worth more than Rs 10 billion.

The bill has also delegated the authority to issue generation licence for hydel projects with capacity of above 200 megawatts to the IBN though the existing Electricity Act states that the Ministry of Energy, Water Resources and Irrigation shall issue such licence for all hydropower projects. “The bill seems to be taking away power from development-related ministries and giving it to IBN,” said Janardan Sharma, an NCP lawmaker and former energy minister, adding that giving excessive power to IBN will paralyse other state mechanisms.

Gagan Thapa, a lawmaker from the Nepali Congress, stated that the government had prepared the draft of the Public Private Partnership and Investment Bill without taking inputs from respective secretaries and ministries. Claiming that even government secretaries are against the provision of centralising power with IBN, Thapa said the bill needed to be amended before it was tabled at the Parliament. “The government seems to be feeling that development of projects will be smoother if they are under the jurisdiction of IBN rather than other government agencies, including ministries. However, we do not have any history wherein IBN-run projects have made more progress than those being implemented by ministries,” said Thapa.

Thapa, seeking a representative from his party to be included in IBN as a board member, urged the government to justify the logic behind equipping IBN with excessive power as stated in the Public Private Partnership and Investment Bill.

Finance Minister Yubaraj Khatiwada, however, refuted the charge that the government was trying to centralise power. “Big projects have to be dealt with by the centre. As the country targets speedy development and economic growth, empowering IBN is the need of the hour and expanding its jurisdiction will help facilitate the development of projects,” he added.

Source: The Kathmandu Post, March 12, 2019

Law amended to ease acquisition of forest land

- BIBEK SUBEDI, Kathmandu

The government has amended the Forest Act and included a new provision which will allow the developer of certain infrastructure projects to acquire forest lands required for the construction of the project by paying a fee.

According to the new clause included in the act, national priority projects, national pride projects, transmission line projects of national priority and projects that have got investment approval from Investment Board Nepal are eligible to acquire wooded areas by paying money.

The new clause paves the way for the establishment of the Forest Development Fund which will charge the project developer a fee for forest lands for the construction of its permanent structures. The fund will use the fee paid by the developer to create new forests in an equivalent area of similar ecology at similar geographic regions.

The amendment has been endorsed by Parliament, and the Forest Ministry is currently drafting a work plan which will determine the fee that project developers will need to pay for the type of land they acquire. “We are drafting the work plan which will determine the fee developers are required to pay for the type of land they acquire for their project,” said Sindhu Prasad Dhungana.

“The fee will be determined by the value of the ecosystem of the forest land being acquired by any project. Apart from that, the costs that will be incurred while planting trees on the new patch of land will also be considered before fixing the fee.” The work plan, according to the ministry, will be rolled out within a couple of months.

The new provision in the law has come as a relief to many infrastructure projects that were struggling to get forest lands required for their project. Project developers have been asking that the new provision be inserted in the act for a long time, citing difficulties in acquiring forest lands under the old law. The Investment Board has also been lobbying for making changes in the law to simplify the acquisition of forest lands.

As per the old law, project developers were required to purchase an equivalent area of land in a similar ecosystem and plant trees in order to acquire forest lands for their schemes. Similarly, they were supposed to nurture the saplings planted in the new forest for a period of five years before handing over the land patch to the Forest Ministry.

Source: The Kathmandu Post, March 13, 2019

Kulekhani-3 project enters testing phase

- BIBEK SUBEDI, Kathmandu

The Kulekhani-3 Hydropower Project is finally nearing completion 11 years after construction started. Time overruns due to slowpoke contractors resulted in the 14 MW scheme missing half a dozen completion deadlines.

The plant being developed by the Nepal Electricity Authority has now entered the testing phase, and the project office is starting with a test of the civil structure which is already complete. Jheijian Jialin Company, the Chinese company contracted to implement the electro- mechanical and hydro-mechanical works, is yet to complete its task.

“We completed an inspection of the civil structure which includes the hydraulic gates and the tunnel,” said Subash Mishra, project chief of Kulekhani-3. “Now we will test the structure by releasing water through the gates to the tunnel.”

The project office has asked Sinohydro, the contractor appointed to carry out the civil works of the project, to fill the 4-km-long tunnel with water. “We will then check whether the hydraulic gates and tunnel are functioning properly,” said Mishra. “If some problems arise, the contractor will rectify them.”

The testing of the civil structure, according to Mishra, will take a couple of months; and by that time, the electro-mechanical works of the project will also be completed. “The electro-mechanical contractor is working slowly, but we have pressurised it to complete the remaining 5-7 percent of the work by the time the testing of the civil structure is done,” said Mishra. “Then we will complete the testing of the electro-mechanical equipment and start test generation.” Kulekhani-3 is planning to start test generation of electricity by mid-July.

The project will produce electricity by utilising the tailrace water from the Kulekhani-2 Hydropower Project and water from local rivers.

The water will be channelled through a 4-km tunnel to the powerhouse to turn the turbines. According to the Nepal Electricity Authority, the electricity generated by the project will be fed into the national grid by extending a half-kilometre-long transmission line from the powerhouse.

Kulekhani-3 is being constructed with domestic investment. The construction of the project began in April 2008 with the aim of completing it by 2012. The project encountered cost overruns due to delays, and the developer has spent double the amount of money originally estimated. The initial estimated cost of the project was Rs2.43 billion. It has now ballooned to Rs5 billion.

In May 2014, the National Planning Commission declared Kulekhani-3 a troubled project. Initially, the project had estimated that the construction cost per megawatt of power would reach Rs173.6 million. As per the revised estimate, it is expected to reach Rs310 million per megawatt.

Source: The Rising Nepal, March 13, 2019

Bill to further widen sphere of IBN: Finance Minister

Kathmandu, March 12: Clause-wise discussion was underway regarding the amendment proposal on 'Public Private Partnership and Investment Bill-2075'.

The first-phase discussion has begun on the proposal of amendment registered by lawmakers on the bill in today's meeting of the Finance Committee under the House of Representatives.

A total of 23 lawmakers have registered amendment proposal on different points of the bill. The government has brought this bill to achieve speedy development and economic prosperity by attracting big-scale investment in infrastructure development through Investment Board.

Specially, proposal has been registered to widen sphere of investment Board Nepal (IBN) and its working area in the bill. This new bill has been brought after the Investment Board Act-2068 BS did not come into implementation in practice, it is learnt.

The new bill has set the target to make economic growth by mobilizing capital of above Rs 6 billion through Public-Private concept. It is necessary to mobilize Rs 150 billion to achieve economic growth rate up to nine per cent, according to the Finance Ministry. The private sector has the capacity to mobilize Rs 100 billion in recent period.

In the meeting, Finance Minister Dr Yuba Raj Khatriwada said that the new bill has been brought to further broaden the parameter and scope of the Investment Board for achieving economic prosperity through the development of infrastructure. He added that the bill will pave the way for making investment for the development of infrastructure by means of private capital.

Stating that it was necessary to invest in mega projects for achieving high economic growth rate, the Finance Minister believed that the private sector would not be affected when foreign investment is brought.

"The Investment Board is not a political entity and neither it was being developed as a parallel government," he clarified.

Lawmaker Janardan Sharma said it was necessary for the government to identify large projects and invest in them through the Investment Board, stressing the works to be carried out by the Board should be done through inter-ministry coordination.

Lawmaker Yasoda Gurung suggested that the Board should allow investment only by specifying the service sector and commercial sector.

Lawmakers Divya Mani Rajbhandari and Gagan Kumar Thapa demanded including the leader of the main opposition party in the Board that is chaired by the Prime Minister.

Bhara Kumar Shaha, Rekha Sharma, Santa Kumar Tharu, Chudamani Khadka, Khem Lohani, Bina Kumari Shrestha and Prem Suwal called for broadening the scope of the Investment Board.

Source: My Republica, March 13, 2019

Five-year cooling period for IBN CEO proposed

KATHMANDU, March 13: The Finance Committee of parliament has concluded that a five-year cooling period should be fixed for the CEO of Investment Board Nepal (IBN) to join any company and project implemented by the board.

This will be a new practice in government institutions as such cooling period has been introduced only by Nepal Rastra Bank (NRB) for bank CEOs and directors to join other bank and financial institutions so far.

The provision will be inserted in the Public-Private Partnership and Investment Bill which will be sent to parliament for final endorsement on Wednesday.

Likewise, the committee has also set work experience of 10 years as one of the criteria for candidates vying the post of IBN CEO. The bill had proposed 15 years of experience in project development, public procurement, public private partnership projects banks and financing institutions, among others, for the candidates.

Though many lawmakers participating in Tuesday's discussion were for removing the threshold of 200-megawatt for hydropower projects to be implemented by IBN as proposed in the bill, the committee approved the provision without making any change. At present, IBN is allowed to implement hydropower projects with capacity of 500 MW or above only.

Likewise, the committee had decided that Minister of Finance should be vice chairman of the IBN which is chaired by the Prime Minister. The bill had proposed to include finance minister as board member only. Similarly, the committee removed Minister for

Physical Infrastructure and Transport, Minister for Urban Development and Minister for Culture, Tourism and Civil Aviation as ex-officio members of the board.

According to the committee secretary Surendra Aryal, the committee has decided to insert a provision stating that 'concerned ministers of the projects shall attend the IBN meeting as board member'.

The Finance Committee also decided to appoint three experts in the board giving them a four-year term. The bill has proposed giving them term of two years only. According to the bill, three members, including a woman member, having expertise in infrastructure development, industry, tourism, financial sector and others, will be appointed in the board as expert members.

Source: The Kathmandu Post, March 14, 2019

Hydropower project developers present wish list to minister

- BIBEK SUBEDI, Kathmandu

Private developers of hydropower projects have asked the government to address obstacles hampering their operations like delays in getting forest clearance, difficulties in obtaining explosives required for blasting rocks, and delays in the construction of power lines to evacuate the electricity generated.

Speaking at an interaction organised by the Energy Ministry on Wednesday, which brought together developers of the 35 hydropower projects with an installed capacity of 25 MW or above which have signed power purchase agreements with the Nepal Electricity Authority, they asked the ministry to deal with the problems immediately.

According to Sailendra Guragain, president of the Independent Power Producers' Association, Nepal, one of the major problems power project developers are facing is the delay in the construction of transmission line corridors by the Nepal Electricity Authority, the state-owned power utility.

“At least one project located on every corridor is nearing completion, but the power lines being constructed by the power utility are nowhere near completion,” said Guragain who participated in the interaction. “There is a high risk of the electricity being spilled over due to lack of such lines to transmit it into the national grid.”

Privately-owned Hewa Khola Hydropower Project is already losing out on Rs200 million in revenue annually as it can't feed the electricity it generates into the national grid for lack of adequate transmission lines. The 15 MW plant located in Panchthar in eastern Nepal produces electricity worth Rs450 million annually, but its entire output cannot be transferred to the national grid over the existing 33 kV power line.

The Hewa Khola plant had planned on evacuating its electricity to the national grid over the Kabeli Corridor Transmission Line being developed by the power utility, but

it has been forced to bear massive losses due to delays in the completion of the power line.

Participants also complained that delays in getting forest clearance from the authorities concerned were also hurting project development. “Getting approval to cut down trees is a cumbersome task which is pushing back the construction date of hydropower projects,” said Guragain.

Another problem pointed out by developers of power projects in the country is the hassle of obtaining explosives required for blasting rocks. “Till this date, we have been relying on explosives imported from India, and very often we face difficulties in getting such materials,” said Guragain. “We ask the government to move to produce such materials in the country so that project developers can obtain them easily.”

The participants also complained about obstructions they are facing from locals at the construction site. “Incidents of obstruction are increasing recently,” he said. “The government must work to create a safe environment for us to carry out our job.”

Addressing the interaction, Energy Minister Barsha Man Pun said the ministry was serious about solving the problems faced by power plant developers.

“From the time I assumed office, I have been trying to expedite the construction of key transmission line projects, and I have directed the authorities concerned to terminate the contracts of slowpoke contractors,” said Pun. “I have also initiated talks with the Forest Ministry to resolve the forest clearance issue.”

Source: The Himalayan Times, March 14, 2019

Power output falls 50 per cent as river flow shrinks

RAMJI RANA

LAMJUNG: The Middle Marshyangdi Hydropower Station has reported a sharp decline of 50 per cent in electricity generation after the Marshyangdi River flow shrank over the course of winter.

The station with an installed capacity of 70 megawatts produces the optimum level of electricity during monsoon. However, as of now, the station has only been able to dispatch 31 megawatts a day.

According to Station Chief Pashupati Raj Gautam, out of the two turbines, only one with a capacity of 35 megawatts is brought into operation for 7 hours to reserve water.

Compared to previous years, the river flow receded earlier this year and that might lead to further reduction in power output in the upcoming days, Gautam added.

As per station statistics, last year the output was recorded at an average of 27 megawatts per day.

However, the station operating under peaking run-of-the-river technique has managed to generate power in full capacity to meet peak hour demands during morning and evening hours by reserving water.

Source: My Republica, March 14, 2019

Minister assures independent producers of energy market

KATHMANDU, March 14: Minister for Energy, Water Resources and Irrigation Barsaman Pun has assured the private sector of a viable energy market, at a time when the country's independent power producers (IPPs) are not so confident about the market.

Until recently, Nepal Electricity Authority (NEA) was signing power purchase agreements on the condition of purchasing only when necessary. Several agreements of the kind are yet to be converted into mandatory purchase agreements.

"The government will find energy market. Therefore, the private sector can focus on generating electricity," said Minister Pun at a discussion on the problems faced by IPPs, in Kathmandu on Wednesday.

Pun further said that there was huge demand of energy in India and Bangladesh. "Bangladesh wants to sign agreement for purchasing 1500 MW energy from India," said Pun.

Source: The Himalayan Times, March 14, 2019

Govt assures private producers of buying power

Minister for Energy, Water Resources and Irrigation Barshaman Pun today urged investors to invest in Nepal's power sector without any hesitation, as he said the government was willing to purchase all the electricity produced by domestic hydropower projects.

His statement comes at a time when the government is all set to host the Nepal Investment Summit on March 29-30.

“The government expresses commitment to purchase all surplus power produced by Nepal-based hydropower projects,” the minister told a programme organised by the Department of Electricity Development today. “It is the responsibility of the government to explore markets to sell excess power,” he said.

The Bangladeshi government has expressed interest to purchase around 1,500 megawatts of power from Nepal. India too is keen on purchasing surplus electricity from Nepal, according to Pun. “However, we have not been able to raise electricity production accordingly,” said Pun, requesting investors to invest in the country's hydropower sector.

Investment opportunity in Nepal's hydropower sector is one of the major features of the upcoming Investment Summit. The government will showcase 12 hydropower projects among potential investors during the summit, according to the minister. The government is planning to showcase a total of 40 projects at the event.

Pun said the government was keen on adopting the take-or-pay model to purchase electricity from developers. Under this model, the state-owned power utility must purchase the quantum of electricity mentioned in the power purchase agreement or pay fines.

Source: My Republica, March 15, 2019

IBN to showcase some 50 projects for FDI

HYDROPOWER West Seti, SR-6, Tamor, Sunkoshi-2, Sunkoshi-3, Uttarganga, Fukot Kamali, Trishuli Galchhi (30 MW), Madhya Kaligandaki (53.6 MW), Upper Chameliya (40 MW), Ingwakhola (18 MW), Lower Barun (132MW), Myagdikhola (57.30 MW)	West, Electric Railway, Kathmandu-Pokhara-Lumbini Electric Rail
URBAN INFRASTRUCTURE Hetauda Smart City, Waste Management Projects in Butwal, Janakpur and Ratnanagar, International Conference Center, Bhaktapur	TOURISM Gautam Buddha International Maternity Hospital, Janaki Heritage Hotel, Dhulikhel Dreamland, Taltalaya Tourism Area Development Project Itahari, Swargadwari Cable Car, Japla Devi Cable Car, Siklesh Annapurna Cable Car
EDUCATION AND HEALTH Pokhara Technical School, Dhulikhel Medicity	INDUSTRIAL INFRASTRUCTURE Special Economic Zone, Simara, Naubasta Industrial Zone, Banke, Motipur Industrial Zone, Butwal, Garud Cement, IME Cements
ROAD/AIR TRANSPORTATION Second International Airport Nijgadh, Kathmandu Bus Rapid Transit, Ramgram-Tilaurakot Bus Rapid Transit, Sudurpaschim Sarwajanik Yatayat, Kathmandu Metro Rail, East	AGRICULTURE Cold Store, warehouse and processing centers at Parsagadhi (province 2), Chitwan, Banepa (Province 3), Birendranagar (Karnali province), Godavari (Sudurpaschim province), Chemical Fertilizer Factory

Note: IBN's latest project list accessed on Wednesday evening shows 43 of the 50 projects to be showcased at the investment summit.

Projects of local, provincial levels give a sense of federal structure in project selection

KATHMANDU, MARCH 15: Investment Board Nepal (IBN) has prepared a list of 50 projects for showcasing to foreign investors at the Nepal Investment Summit 2019 scheduled for March 29 and 30.

IBN has itself readied 32 of the projects, many with preliminary study reports. It is also set to exhibit 11 projects under the private sector, according to a list updated till Wednesday evening. IBN officials say they may add a few more projects to the list during the IBN board meeting scheduled for Friday. The IBN board is chaired by the prime minister.

IBN will present the projects with all their features, including financial analysis, according to IBN.

The project selection provides a sense of the federal setup, with priority projects of different provinces and also a few local level ones included as well.

Among those on the list are seven projects in road and air transport, including three new projects—Kathmandu Bus Rapid Transit, Ramgram-Tilaurakot Bus Rapid Transit and

Sudurpashchim Sarbajanik Yatayat . The latter two are of Province 5 and Sudurpaschim Province respectively.

“We have given equal importance to projects of local and provincial levels as per their own priorities,” said Maha Prasad Adhikari, CEO of IBN.

Kathmandu Bus Rapid Transit is a federal government project and is aimed at providing rapid transit on the key roads of the Valley .

At the investment summit, investors will also be offered five different projects spanning cold storage, warehousing and a processing center for the different provinces .

There are also five projects in tourism infrastructure, including at local and provincial levels. Likewise, IBN has prepared 13 projects in hydro-power including six in the private sector, for showcasing at the summit—a mega event being organised by the all-powerful two third majority government.

Likewise, two educational and health sector projects and three in industrial infrastructure are also ready for investors. Three urban infrastructures have made it to the list and two cement factories and three cable car projects are being prepared also.

The projects are in the process of acquiring final shape and the costing is likely to be completed within a few days, according to IBN officials. Up to 400 delegates have confirmed their participation in the summit and most of them are from China and India, according to IBN.

IBN had exhibited eight projects at the investment summit in 2017 . This time it has left out three projects, namely Tamakoshi III, Integrated Solid Waste Management Project and Kathmandu Hetauda Tunnel Highway. Tamakoshi III is already taken up by a private party and the solid waste project is now in the implementation phase. The tunnel highway has been left out, possibly because it is not immediately feasible.