

Source: The Rising Nepal, April 20, 2019

## Speaker Mahara joins People's Hydropower Programme

Speaker of the House of Representatives Krishna Bahadur Mahara has participated in the People's Hydropower Programme announced earlier by the government.

The programme is aimed at encouraging the people to purchase the shares of hydroelectricity projects and thereby contribute towards the prosperity of the nation. The government has started the programme with the objective of constructing hydropower projects by mobilizing domestic capital and giving its profits to the people.

There is enthusiastic participation of the people in this programme and people occupying high state positions have also started buying the shares of hydropower projects.

In this connection, Speaker Mahara opened DMAT account at Global IME Capital on Thursday. He has purchased the shares of the Rasuwagadhi and Sanjen hydropower companies. The companies issued the IPOs from today.

Speaker Mahara joined the People's Hydropower Programme at a programme organised at the Ministry of Energy, Water Resources and Irrigation today.

On the occasion, Speaker Mahara expressed his happiness to be a part of the programme and urged the bodies concerned to seek ways of enlisting the maximum participation of the people living in remote parts of the country in the programme.

"You have started this very good programme. We should find the appropriate method and alternative as to how all the Nepalis' participation could be had in this programme," he said to Minister for Energy, Water Resources and Irrigation Barsha Man Pun, who was also present on the occasion.

Speaker Mahara and minister Pun have applied each to buy 1,000 units of share of Rasuwagadhi Hydropower Company (RHC) worth Rs 100,000 under initial public offering and 500 units of share of Sanjen Hydropower Company (SHC) worth Rs 50,000.

Likewise, Speaker Mahara's spouse Sita has also applied to buy Rs 100,000 worth of 1,000 units of the RHC and Rs 50,000 worth of 500 units of the SHC. Also, former Speaker Onsari Gharti has applied to purchase Rs 100,000 worth of 1,000 units of the RHC and Rs 50,000 worth of 500 units of the SHC.

Earlier, Prime Minister KP Sharma Oli, who applied for 10,000 units of share of the Trishuli III 'B' hydropower project, secured 20 units.

Source: My Republica, April 21, 2019

## Solar projects for energy mix plan to miss production deadline

Developer	Projects	Location	"Capacity (kW)"	Target date of project completion
Solar Farm Pvt Ltd	Belchautara Solar Project	Tanahun	5000	19-Jul-19
Api Power Company Ltd	"Chandranigahpur Solar Project"	Rautahat	4000	09-Jun-19
Api Power Company Ltd	Parwanipur Solar Project	Parsa	8000	09-Jun-19
Api Power Company Ltd	Dhalkebar Solar Project	Dhanusha	1000	17-Jun-19
Api Power Company Ltd	Simara Solar Project	Bara	1000	17-Jun-19
Ridi Hydropower Development Co Ltd	Butwal Solar Project	Rupandehi	8500	24-Jul-19
Sagarmatha Energy and Construction Pvt Ltd	Dhalkebar Solar Project	Dhanusha	3000	05-Apr-20
Gorkha Cogential Energy & Pvt Ltd	Lamahi Solar Project	Lamahi	3000	06-Apr-20
Global Energy & Construction Pvt Ltd	Duhabi Solar Project	Jhapa	8000	06-Apr-20
Eco Power Development Co Pvt Ltd	Mithila Solar PV	Dhanusha	10000	30-Apr-19

Source: NEA

KATHMANDU, April 21: When it comes to proper management and timely completion, solar power projects of the country are no better than hydropower projects. The government's plan to generate 51 MW electricity by harnessing solar power is most likely to be mired in delays and deadline extensions.

As per its energy-mix plan, Nepal Electricity Authority had issued licenses this fiscal year to 10 developers for generating solar energy, targeting to produce over 51.5 MW electricity by mid-April next year. Going by the poor situation of the projects, it is not likely that they will generate power as planned.

Officials of Nepal Electricity Authority (NEA), buyer of the solar electricity to be produced, say that they have not received any progress report from

those developers, though only a year remains for them to complete the projects and start generating power.

“We are giving attractive prices to those developers but they are not doing anything to produce electricity as promised,” said Prabal Adhikari, spokesperson of the NEA. Adhikari said that so far only Belchautara Solar Project of Tanahu district has reported some progress in its power plant of 5 MW.

“Failure to generate power by the given date may lead to termination of the license and confiscation of the bank guarantee,” Adhikari said.

Government’s energy-mix plan states that at least 15 percent of total installed capacity of renewable energy should be other than hydropower.

Api Power Company Limited has got licenses for four solar power plants out of the total 10. Chairman of the company Guru Neupane said: “Although we had arranged land for the project, we could not make progress because the government did not provide us any incentive like customs tax waiver and VAT waiver like they give to hydropower plants.”

The customs tax for the equipment and machineries for any hydropower is only 1 percent and there is zero value added tax. Solar power developers are demanding similar tax waivers. The country has so far only 1.64 MW of solar electricity connected to the national grid. Kathmandu Upatayaka Khanepani Limited is generating 680.4 KW while Surya Power Company Limited in Nawalparasi is generating 960 KW.

Source: My Republica, April 21, 2019

## **NEA's 20 MW solar plant to start generation by November**

KATHMANDU, April 21: Nepal Electricity Authority (NEA) informed that its plan of generating 20 MW solar power from Devighat in Trishuli will materialize by the end of November.

Denied land in the premises of Kulekhani Reservoir for solar plant, the NEA is still looking for land for additional plant of 5 MW capacity, according to officials.

The NEA had signed financing agreement with the World Bank for generating 25 MW solar power, but controversies over contractor selection has delayed the project for several times.

Project Manager Bikash Raghubanshi said that deliveries of goods were underway and the project would complete by the end of November this year. "We also had to undergo rigorous evaluations of drawing and designs of the project, which took much time. The design is now ready and the contractor has been mobilized in the field," he said.

Source: My Republica, April 22, 2019

## 48 proposals received for 31 projects showcased at investment summit

### Applications received for IBN-showcased projects

	Project	Cost	Applications Received
1	Integrated Agriculture, Urlabari	\$5.45 million	1
2	Integrated Agriculture, Hemja	\$5.63 million	1
3	Integrated Agriculture, Banepa and Chitwan	\$4.43 million	2
4	Integrated Agriculture, Birendranagar	\$3.15 million	1
5	Integrated Agriculture, Tilottama	\$6.55 million	2
6	Dhulikhel Medicity	\$74 million	1
7	Gandaki Technical University	\$61 million	1
8	Tamor Hydropower (762 MW)	\$1.22 billion	2
9	West Seti (750 MW)	\$1.48 billion	1
10	Seti Storage Hydropower (652 MW)	\$927 million	1
11	Sunkoshi-II Hydropower (1,110 MW)	\$1.8 million	1
12	Sunkoshi-III Hydropower (536 MW)	\$1 billion	1
13	Lower Arun Hydropower (1,300 MW)	\$1.3 billion	1
14	Nepal Solar (550 MW)	\$750 million	1
15	Logistics Park-Bulk Terminal	\$60 million	1
16	Janaki Heritage Hotel	\$20 million	1
17	Tal Talaiya Theme Park	\$41 million	1
18	Dreamland Dhulikhel	\$43 million	1
19	Bus Rapid Transit on Ring Road of Kathmandu Valley	\$149.5 million	4
20	Outer Ring Road of Kathmandu Valley	\$1.87 billion	4
21	Nijgadh International Airport	\$3 billion	6
22	Kathmandu Valley Metro Rail	\$3 billion	1
23	East-West Electrified Railway	\$3 billion	1
24	Kathmandu-Pokhara-Lumbini Railway	\$3.36 billion	1
25	Kathmandu Sky Train	\$220 million	1
26	Samakhushi-Tokha-Chhahare Road	\$265 million	2
27	Dhangadhi Regional International Airport	\$258 million	2
28	International Convention Center	\$16 million	2
29	Solid Waste Management-Janakpur	\$6.4 million	1
30	Municipal Waste Incineration Power Generation Biratnagar	\$100 million	1
31	Waste Water Treatment (Melamchi, Khokana, Bharatpur)	\$300 million	1

KATHMANDU, April 22: Investment Board Nepal (IBN) has said that it has received as many 48 applications for 31 out of 50 projects showcased during the recently held Nepal Investment Summit 2019.

Cost of these 31 projects are more than Rs 2,500 billion, IBN said in a press release issued on Sunday.

“As many as six investors, the largest number for a single project, have applied to build Nijgadh International Airport,” the IBN added in the statement.

Outer Ring Road of Kathmandu Valley Project and Bus Rapid Transit on Ring Road of Kathmandu Valley have received four applications each. Similarly, five agriculture infrastructure projects have received proposals from seven investors. According to the IBN, two investment proposals have been received for two projects of education and health infrastructure, while one application has been received for one industry infrastructure project. Likewise, three applications have been received for tourism infrastructure projects, while nine transport infrastructure projects have received 22 investment proposals.

The IBN, however, has made identity of applicants public. IBN officials say that the identity of applicants has not been disclosed as the deadline for applying for the projects have been extended by a month to May 20.

“The IBN has divided the projects into three categories. We will review the applications accordingly,” IBN CEO Maha Prasad Adhikari said.

According to Adhikari, 27 projects have been kept in the first category. IBN plans to select eligible developers for these projects within three months, or by August 20. The IBN will review their Expression of Interest (EoI).

IBN will select developers for the projects in second category within nine months or by February 20,2020. Developer of these projects will be

selected by reviewing their Request for Proposals (RFP). There are 17 projects in this category.

Projects in the third category are big and are of complex nature. The IBN plans to take help of an expert team or transaction advisory services which are led by secretaries of concerned ministries. There are six projects in the category and the IBN plans to select developers for them within 14 months or by August 20, 2020.

The meeting of board of directors of the IBN held last week decided to form a six-member panel under the Secretary of the Office of the Prime Minister and the Council of Ministers, who oversees infrastructure sector, to evaluate the applications and implementation of 15 memorandums of understanding signed during the investment summit. The panel will have joint secretaries of Ministry of Physical Infrastructure and Transport, Ministry of Culture, Tourism and Civil Aviation, Ministry of Energy and Water Resources, and Ministry of Industry, Commerce and Supplies and the IBN as members.

IBN officials say they are still studying how they can facilitate development of 27 projects showcased by the private sector during the summit.

Source: My Republica, April 23, 2019

Utter Ganga water diversion

## Dozens of micro hydro projects of Rukum under threat

LOKENDRA KHANAL

RUKUM, April 23: Rukum locals and representatives are protesting against the provincial government's decision to divert the water of Uttar Ganga Hydro Project to Kali Gandaki River. The protestors claim that the move would bring several micro hydropower projects to closure apart from affecting water availability in many areas. They have demanded that the water from the project be exclusively diverted to Sani Bheri River.

"The decision of the energy ministry is likely to deepen problem rather than solve it. People are very unhappy about it. The government must review the decision," noted Dhanbir Oli, a parliament member of Karnali Province. "If they divert the water of Uttar Ganga to Kaligandaki, dozens of micro hydro projects of Rukum are going to come to a standstill. Also, irrigation and drinking water problems will follow," he added.

The provincial government had decided to divert water to Kali Gandaki aiming to generate 828 megawatts of electricity through the project. It had made a detailed report before making the decision. However, this is a long-standing controversy.

According to Oli, locals are going to take it to the street if the decision is not corrected. Preparation for agitation is going on.

“Locals will not let the decision implement. Preparations for protests are underway. Rather than to make it a huge problem, the government must review things and address people’s concern,” Oli suggested.

Bibek Pun, a local of Putha Uttarganga Rural Municipality – 10, stressed that the provincial government must listen to the voice of the Rukum locals. Since it was their demand from the beginning that the water should be diverted to Sani Bheri River, the government cannot force its ‘unfair’ decision on them, he noted.

“We have formed a struggle committee. We are preparing to take our agitation to the next level. Locals of Rukum had always been very concerned about the issue. Yet, the government did not care for it,” he lamented.

“Even the people of Bheri Corridor are not happy. They are also in favor of diverting the water to Sani Bheri River,” he added.

Locals of Rukum and Bheri Corridor have come together to protests against the decision. They have stated that they will go to any extent to stop the government from implementing the decision. “If the government still goes against our voice, our struggle committee will be forced to bring the entire region to a halt,” Pun said. “The government cannot do that at the cost of dozens of our micro hydro projects, irrigation and drinking water facility.”

Former Energy Minister and lawmaker Janardan Sharma also threw his support with the locals. “It was our demand from the beginning that the

water of Uttar Ganga is released in Bheri Basin only. A detailed study was conducted in this regard when I was serving as the minister for energy," he said.

He shared that the technical study had taken around eight months to study and prepare three separate reports for the project. "And their reports said just one thing that the water has to be diverted to just Bheri basin," he said.

Sharma said that the government's decision is against the welfare of the people of Rukum. And this decision has to be seriously reviewed.

"If the water is taken to Baglung, it is going to inundate a huge portion of arable land. What's the use?" he questioned.

Sharma pointed out that 625 families will be homeless if the government goes ahead with the decision. "So, the best option is to correct the decision and divert the water only to Bheri," he said. He further stated that he is unknown about who the government consulted with before taking such a 'senseless decision'. "We are simply unknown how the decision was taken. I do not know whom they consulted," he said.

The company which has taken responsibility of Uttar Ganga Hydro Water Project is preparing to launch the project with an estimated budget of around two billion. And as per the DPR it has prepared, the water will be diverted to Kali Gandaki River. This decision of the Ministry has not been lauded even by the cabinet members.

According to Kamala Roka, a member of the house of representatives who won the election from Rukum, the decision of the ministry is not fair. If the water is diverted to Kali Gandaki instead of Bheri, it would be a betrayal against the people of Rukum, she said. "I came to know about it through media, and I have not been able to talk about it to the concerned minister," she said. "However, I have always made my stance clear on this issue," she added.

Source: My Republica, April 23, 2019

## Upper Tamakoshi Hydropower Project

### Penstock pipe installation in lower vertical shaft from May 5

DOLAKHA, April 23: The contractor of Upper Tamakoshi Hydropower Project is beginning installation of penstock pipes in lower vertical shaft of the mega hydropower project from May 5.

The installment 372-meter penstock pipe in the lower vertical shaft is considered extremely risky and challenging. A 5m long pipe weighing 27 tons is to be installed in the lower shaft. Bend pen stock pipes have already been installed. Each pipe is five meter wide and weighs 27 tons.

The contractor has already completed installation of bend penstock pipes at the bottom of upper and lower vertical shafts. The contractor has started deploying to install penstock pipes above these bend pipes.

Upper Tamakoshi Hydropower Project Ltd had handed over the contract for installation of penstock pipes to Indian company Texmaco. However, as the company couldn't complete the task on time, the task has been handed over to Austrian firm Andritz Hydro. Andritz is also the contractor for Lot 3 of the project's electromechanical works.

Texmaco, however, still holds the contract to install penstock pipes in the upper vertical shaft. Upper Tamakoshi Hydropower Limited, Texmaco, and Andritz signed a three-party agreement on January 7 to accomplish the task without any financial pressure, after the Indian firm missed deadlines repeatedly.

Meanwhile, Kulman Ghising, the managing director of Nepal Electricity Authority (NEA) and chairman of Tamakoshi Hydropower Limited, visited the project site on Saturday and directed all concerned to complete their tasks within the stipulated timeframe. Ghising made the site visit as instructed by the Minister for Energy, Water Resources and Irrigation and held talks with representatives of the contractor and the consultants.

Minister Pun has asked the NEA management to conduct meetings every month to ensure that remaining tasks of the mega project are completed as per the schedule.

"The project must be completed within the stipulated timeframe as this is a national pride project which can make significant contribution to the national economy," Ghising directed officials at the project site.

According to Ghising, civil and electromechanical works at the powerhouse have already been completed.

Texmaco CEO G C Agrawal told Ghising that the contractor was committed to completing remaining works of the project within the stipulated deadline.

The meeting decided to begin test of settling basin of the project by mid-May.

The 456-megawatt project suffered severe damage in the 2015 earthquakes. The project's initial estimated cost was Rs 35.39 billion. However, it has now escalated to Rs 49.29 billion, while the project needs to pay nearly Rs 20 billion in bank interest.

Source: The Kathmandu Post, April 24, 2019

# Electricity commission remains without office bearers as energy sector suffers

- PRAHLAD RIJAL, Kathmandu

The government is yet to appoint office bearers to the Nepal Electricity Regulatory Commission more than a year after Parliament passed legislation paving the way for its establishment to replace the Electricity Tariff Fixation Commission even as problems plaguing the energy sector require immediate attention.

The problem, according to experts, is not lack of competent officials to get the commission up and running but political twists and turns. Meanwhile, stakeholders are facing issues pertaining to tariff revision and fixation, power purchase agreements, and market guiding provisions which they say must be resolved soon to avoid loss of investment and markets.

“The work previously done by the Electricity Tariff Fixation Commission, such as fixing the terms of power purchase agreements and tariff rates, is at a standstill, and the energy sector has not been able to move forward as a result,” said Shailendra Guragain, president of the Independent Power Producers’ Association.

Last December, a selection panel led by Energy Secretary Sanjay Sharma had proposed the name of former energy secretary Anup Kumar Upadhyay for the post of the chief of the commission and recommended other candidates for appointment as members. But the Cabinet rejected the proposal.

Government officials should keep political egos aside and set up the commission allowing it to govern the sector and search for new markets for electricity, or else the sector will face losses running into billions as Nepal is heading to become an energy surplus country, said sources requesting not to be named.

Officials of the Nepal Electricity Authority are scrambling to resolve tariff conflicts which they say cannot be done unless the commission assumes full shape. A row between industrialists and the Nepal Electricity Authority over the energy billing and pricing mechanism has been intensifying. But utility officials say they can do nothing to resolve the issue in the absence of a fully functioning electricity commission. According to industrialists, the electricity authority is collecting huge amounts in energy charges by implementing premium charges to allow industries to use dedicated feeders and trunk lines despite the end of load-shedding across the country. The state-owned power utility says it is forced to charge industrial tariffs set in 2015 as the country does not have an authority that can revise them.

Industries were provided regular electricity through dedicated feeders and trunk lines at premium prices when there was load-shedding in the country, and they are still being billed at the same rate till date.

“The electricity authority is not authorised to make changes to the tariffs, we can only make suggestions. It is up to the commission to set and implement new rates,” said Kulman Ghising, managing director of the utility. When asked about the row with industrialists, Ghising said that the commission must be formed to decide the tariff and other issues related to contradictory provisions in the regulations that have led to the conflict.

In the absence of the commission, the electricity authority has been fixing the power purchase agreement rates with independent power producers. The producers say that it is against the norms of a fair market as the electricity authority itself is a power producer.

“The commission must be formed soon to make the market fairer for independent producers, and the electricity authority also should not be without a guiding agency,” Guragain said.

Energy sector experts say that private producers must also be kept in check as they have pooled investments from the public. “Everyone is focusing on the scale of projects and finances, and the capacity of power generation, but without an authority to regulate the sector, the energy produced in the country cannot be marketed as per present expectations, and that will lead to losses in the billions,” an expert said.

Nepal is among the few countries in the world that do not have a regulating agency in the electricity sector.

Source: The Himalayan Times, April 23, 2019

## Government, World Bank ink pact to scale up renewable energy options

The government and the World Bank have signed an agreement today to scale up renewable energy options in selected regions of Nepal in partnership with private sector.

The agreement was signed by Shreekrishna Nepal, joint secretary at Ministry of Finance and Bigyan Pradhan, acting country manager of the World Bank.

As per the agreement, a total of \$17.21 million will be spent during four-year period under the private sector-led Mini-Grid Energy Access Project, of which the World Bank will finance total of \$7.61 million through its Strategic Climate Fund (SCF), comprising grant of \$5.61 million and soft loan of \$2 million. Similarly, the government will contribute subsidy of \$6 million and the remaining \$3.6 million will be contributed by the private sector.

The project is expected to provide renewable energy to 126,000 rural people and support more than 80 businesses through micro/mini-hydro and solar sub-projects in Nepal's rural areas. The project will be implemented by the Alternative Energy Promotion Centre (AEPCC), the government's nodal agency for renewable energy promotion in Nepal.

"We are thankful for the support of the World Bank in launching this milestone project to encourage commercial financing of renewable and off-grid energy systems in Nepal," Nepal said as per a media release, adding that this project will demonstrate that the private sector-led model is feasible in mini-grid development and the government is committed to engage private sector in development.

Under this project, private entities and cooperatives will be mobilised to provide electricity services to rural areas as 'energy service companies.' These specialised companies will crowd-in financing capacity to develop, build, own and operate renewable mini-grid projects.

"Maximising finance for development is an important element in Nepal's growth trajectory," Pradhan of World Bank has been quoted as saying.

“By encouraging the participation of the private sector, this project motivates a business approach to improve energy access while supporting the government’s efforts to provide clean and efficient energy options to rural communities,” he added.

The project aims to support more than 25 mini-grid sub-projects and add new generation capacity of 3.8 megawatt, while rehabilitating and restoring the capacity of existing mini-grids.

Source: The Kathmandu Post, April 24, 2019

# Electricity commission remains without office bearers as energy sector suffers

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The problem, according to experts, is not lack of competent officials to get the commission up and running but political twists and turns. Meanwhile, stakeholders are facing issues pertaining to tariff revision and fixation, power purchase agreements, and market guiding provisions which they say must be resolved soon to avoid loss of investment and markets.

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between industrialists and the Nepal Electricity Authority over the energy billing and pricing mechanism has been intensifying. But utility officials say they can do nothing to resolve the issue in the absence of a fully functioning electricity commission. According to industrialists, the electricity authority is collecting huge amounts in energy charges by implementing premium charges to allow industries to use dedicated feeders and trunk lines despite the end of load-shedding across the country. The state-owned power utility says it is forced to charge industrial tariffs set in 2015 as the country does not have an authority that can revise them.

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Nepal is among the few countries in the world that do not have a regulating agency in the electricity sector.

Source: The Kathmandu Post, April 25, 2019

## Middle Bhotekoshi says it may cancel contract with Guangxi

- PRAHLAD RIJAL

The Middle Bhotekoshi Hydroelectric Project said it might end the contract with the Chinese contractor for the civil and hydro-mechanical works for its failure to follow instructions and resume work. Guangxi Hydroelectric Construction Bureau stopped work on the 102 MW plant situated in Sindhupalchok citing money problems.

Project authorities held a high level meeting with Guangxi representatives who arrived two weeks ago, but the Chinese firm has not produced a written commitment outlining its capital source and a timeline for completion.

Construction work on the hydel plant, which had gathered pace after months of obstructions caused by a series of natural disasters, has again sunk into uncertainty. “The construction of the headworks is at a complete stop, and Guangxi officials are only issuing assurances that they will resolve their money problems,” said Sunil Lama, project chief of Middle Bhotekoshi.

The civil and hydro-mechanical works were assigned to Guangxi under an engineering, procurement and construction contract which requires the firm to procure equipment and materials on its own.

In February, project owner Madhya Bhotekoshi Jalavidyut Company, a subsidiary of Chilime Hydropower, sent a letter of correction to the contractor asking it to maintain adequate stocks of construction materials and procure equipment named by the project’s consultants.

Guangxi was given 14 days to maintain a 45-day stock of building materials and one month to dig the remaining 40 percent of the 7.1 km tunnel which will convey water from the Bhotekoshi River to the turbines at the hydel plant. But it has not done so. Highly placed sources at the Nepal Electricity Authority—one of the promoters of the project executing agency—said that a Guangxi official with power of attorney

attended the meeting with Nepali authorities in March, but left after two days without finalising anything.

“Authorities are now mulling to send a 14-day warning letter to the contractor to resume and expedite work. If the contractor does not comply with it, the project will have no option but to terminate the contract with Guangxi,” the source said. “The contractor has placed workers at the site for show rather than to execute work.” The project began construction in 2013 and had been expected to generate electricity by 2016. However, natural disasters and land compensation issues, among others, pushed back the deadline to 2018. The project has reported physical progress of 42 percent till date.

According to Lama, the project had adopted a lenient policy for releasing funds for timely completion, but without any physical progress at the site, project financiers have no evidence to release funds to the Chinese contractor. “Regarding the electro-mechanical component contracted to Andritz Hydro, work is progressing smoothly and the required equipment is ready. Delays in civil works will make it difficult to complete the project by the stipulated deadline,” Lama said.

After revising the completion deadline twice, the project office had expected to start generating electricity in June 2019. The project office had revised the project’s price tag in October 2018 from the initial estimate of Rs12 billion to Rs14 billion without factoring in interest payments. Poor execution and delays by the contractor are expected to increase cost overruns. The project is funded under a debt and equity financing modality with 50 percent of the loans taken from the Employees Provident Fund.

Source: The Himalayan Times, April 24, 2019

### Betan Karnali DPR to be completed by August

The Employees Provident Fund (EPF) has said that the works related to the detailed project report (DPR) of the 425-megawatt peaking-run-of-the-river type Betan Karnali hydropower project will be completed by August.

Works related to the DPR and the Environmental Impact Assessment are being carried out by NEA Engineering Company, a subsidiary of Nepal Electricity Authority (NEA).

To develop the project, EPF had started collecting funds from its members since fiscal 2016-17. The fund had urged its members to invest the cash dividend that it had distributed in the project, which a majority agreed to. At present, it has collected around Rs 4.32 billion for the purpose.

The EPF had asked depositors to invest their cash dividend in the project from fiscal 2015-16 and has been converting the cash dividend into shares of the hydro company.

The EPF has 600,000 depositors and it has committed to generate equity investment of around Rs 21 billion for Betan Karnali. Out of the total estimated investment of around Rs 70 billion, 30 per cent or Rs 21 billion will be share capital and 70 per cent or Rs 49 billion will be loan investment. Earlier, Nepal SBI Bank and Nabil Bank had made a commitment to provide Rs 25 billion under consortium financing for the project.

According to Rajendra Kafle, joint administrator of EPF, it is planning to complete the project within five years of the DPR being finalised.

The developer of the project is Betan Karnali Sanchayakarta Hydropower Co Ltd.

As per EPF, out of the projected Rs 21 billion equity investment, 40 per cent will be mobilised from member depositors, 15 per cent through institutional investment of EPF, 10 per cent from the generation company — Betan Karnali Sanchayakarta Hydropower Co Ltd, 10 per cent from Nepal Electricity Authority, 10 per cent shares will be allotted to the project-affected locals and 15 per cent will be allotted to the public through initial public offering.

The project will be located in Surkhet district. The initial projected capacity of the project was 688 megawatts but it was reduced as it could affect the 10,800MW Karnali Chisapani Hydropower Project that is located downstream.

The Karnali Chisapani project is expected to be the largest energy project in the South Asian region.

Source: The Kathmandu Post, April 26, 2019

## Tanahu Hydropower invites fresh bids after terminating contract

- *The project developers scrapped the contract with CMC in February after the Italian builder failed to resolve its liquidity crisis*

- PRAHLAD RIJAL,

After terminating the contract with the Italian builder, Cooperativa Muratori e Cementisti di Ravenna (CMC), Tanahu Hydropower Limited on Thursday has reopened an international tender for the construction of a major component, including dam and other structures of 140MW Tanahu Hydroelectricity Project situated in Damauli.

The project developers scrapped the contract with CMC in February after the Italian builder failed to resolve its liquidity crisis, deposit advance of bank guarantee and act as per instructions and begin works at the site within 28 days from the date of signing of the agreement.

Tanahu Hydropower Limited, the wholly owned subsidiary of the state-owned power utility, had selected CMC in October to execute an important component of the \$550-million plant located in central Nepal.

But CMC refused to comply with the commencement date of Feb 11, 2019, given by project developers and asked the latter to release the advance payment first leading to termination of the contract.

After Tanahu Hydropower terminated the contract with CMC, the latter has moved an Italian court to halt the release of Rs2 billion in bank guarantee agreement from Italy's Intesa Sanpaolo Bank to Nepal Investment Bank.

Nepal Investment Bank had backed CMC with the guarantee amount acting on assurance from Intesa. The bank has already released the funds to Tanahu Hydropower, but it is yet to receive it from Intesa.

In the preliminary hearing, Italy's Tribunale di Bologna ordered to halt payment of guarantee amount and investigate whether Tanahu Hydropower acquired the amount not abiding laws. The next hearing of the case has been scheduled for June 26.

Under the reopened tender for the first package, the construction contractor will be assigned to construct a 140-meter high dam, cofferdams, two river diversion tunnels and other structures. The deadline for submitting bids has been set as June 9.

Funds from donor agencies, Asian Development Bank and European Investment Bank will be mobilised to carry out the first package of works, project developers said.

According to managing director Pradeep Kumar Thike of Tanahu Hydropower, interested contractors must follow ADB's procurement directive and submit their technical and financial proposals through the two-envelope single stage process.

"We will evaluate bidders' technical proposal in the first stage and review the financial proposals of only the shortlisted bidders thereafter," Thike said. "The project expects to enter into an agreement with the selected bidder by October and mobilise the construction crew by December."

The project aims to complete the construction of the storage type project and generate electricity by June 2024.

Meanwhile, the Chinese contractor for the second package, SinoHydro Corporation, has begun works pertaining to tunnel and powerhouse construction, procurement of hydro- mechanical and electro-mechanical equipment. According to the project, the Chinese contractor has been constructing project office and resident workers' quarters and surveying and designing other structures including a link road to the plant site.

The plant will evacuate power through a 40-km long 220 kV double circuit transmission line to New Bharatpur sub-station. And, under the third package of the project, Indian contractor KEC International has begun check survey of the 200kV double circuit transmission line extending from district headquarters Damauli to Bharatpur in Chitwan.

The \$550-million project is being built with credit facility extended by the Asian Development Bank (\$150 million), Japan International Cooperation Agency (\$184 million), European Investment Bank (\$85 million) and investment amounting to \$87 million from the electricity authority and government.

The Tanahu Hydropower Project, one of the biggest reservoir-type projects in the country, is projected to generate massive 587.7 gigawatt hours in the first 10 years of operation. The project can generate energy for six hours daily during the dry season.