

Source: Nepal Energy Forum, June 30, 2019

IPPAN to organize Power Summit 2019 on Nov 21 to 22



Kathmandu: Independent Power Producers' Association, Nepal (IPPAN) is hosting the Power Summit 2019 in Kathmandu from November 21-22, 2019 with the patronage of the Government of Nepal, Ministry of Energy.

Nepal's energy sector is currently seeing unprecedented growth, with projects of about 5,500 MW capacity in construction and pre-construction phases, and about 18,000 MW hydropower projects under study for construction. With this growth in capacity addition, it is expected that Nepal will have surplus energy in the near future. However, with the supply outgrowing foreseeable demand within Nepal in the next few years, it is imperative that we explore the market for energy in Nepal as well as neighboring countries through regional grid connectivity.

All in all, Nepal's energy sector is undergoing massive transformation. We are witness to eradication of load shedding, possibility of increased power generation resulting in surplus energy at least during wet seasons, increased transmission connectivity along river basins, and high capacity interconnection lines with India. The Electricity Regulatory Commission is now staffed and ready to shoulder its responsibility, as provided by law. We are now discussing energy banking and regional power trading with renewed seriousness.

As the sector is experiencing a paradigm shift in all its forms, the Independent Power Producers' Association Nepal (IPPAN) believes this to be the right time to discuss and deliberate on all these positive changes which have triggered opportunities within and outside the country for the development of the sector. IPPAN is pleased to announce that it is organizing **Power Summit 2019** on November 21 and 22, 2019 in Kathmandu with a tag-line **Powering the Asian Century**, to take stock of the present situation and to look ahead to future possibilities. This seventh edition of Power Summit is being organized under the patronage of Government of Nepal.

Like the previous Power Summits, which have been instrumental in developing appropriate and far reaching policies for the development of Nepal's energy sector, Power Summit 2019 will also bring together national and international experts, prominent government officials, private sector participants, and non-government organizations, and other stakeholders to discuss policies, past achievements, and share knowledge and experience from around the globe. IPPAN believes such interaction within the industry stakeholders will help create growth opportunities and outline a way forward.

IPPAN believes that the energy potential of Nepal is not only an agent for national prosperity but also an agent to serve the need for green, people and environment friendly energy for the burgeoning Asian economy. This edition of Power Summit will focus on energy trading and international connectivity, market creation, energy development in Nepal's federal structure, financing of energy infrastructure, inclusive and sustainable hydro development, appropriately regulating the sector, and discuss on exemplary achievements in and around the region. About 750 participants are expected at this mega event. Success of such an event requires help and support from all the stakeholders and, IPPAN takes this opportunity to request all the concerned parties for lending their support.

Further information on the event can be obtained from IPPAN's website (www.ippan.org.np) and facebook page (www.facebook.com/Power-Summit-2019-1330500910440034/).

Source: My Republica, July 1, 2019

Electricity dues for street lights cross Rs 6 billion

Himal Lamsal

KATHMANDU, June 30: A tussle between Nepal Electricity Authority (NEA) and local level units regarding use of land and payment for street lights has left electricity dues worth six billion in quandary.

The NEA has been saying that the local level units have to pay for the bill as they have used the street light. However, the local units say that the authority has placed electricity poles and wires haphazardly on the footpath, so it should be accountable to pay.

The tussle which is going on for long has been affecting the public who walks on the street. The authority claims that although local units use street lights across the country, they have not been paying for it.

If they have to, the local units should be paying Rs 4.89 billion plus fines for use of street lights.

According to the Distribution and Customer Services Directorate of NEA, the local units who have not paid the dues yet will now be charged Rs 6.74 billion including 25 percent fine.

Though the federal government had decided that payment till mid-April 2017 will be released by the Ministry of Finance, as the local units have not given approval for it in principal, the problem of has arisen, said a high-level official at NEA.

Deputy Executive Director of NEA Har Raj Neupane said that Kathmandu Metropolitan Office has the highest outstanding dues against street lights. "The local units throughout the country have been reluctant to pay the bills," he said.

Spokesperson of the Kathmandu Metropolitan Office, Ishwar Man Dangol said that until the authority paid for placing poles and wire on the land of the Metropolitan Office, they will not pay for the street lights.

"The authority has not paid for the electricity poles and wires placed in the metropolitan land, that too, in a dangerous way. We will pay only after the NEA makes payment for the use of our land," he added. "The action should be taken from both sides."

"The electricity authority should not just sell electricity but also provide lights on the streets," Dongol added.

Kathmandu Metropolitan Office has to pay Rs 6.13 billion in outstanding bills, the highest among the local units, against the street lights.

According to the authority, electricity service is yet to reach to some local units.

Source: Spotlight, July 1, 2019

UPPER TAMAKOSI Major Breakthrough

Despite the high cost incurred due to high interest rate of Nepal's public sector lenders, the successful installation of Lower Vertical Shaft is a major breakthrough

After several weeks of hard efforts, contractors and project engineers have finally installed the first Lower Vertical Shaft of the 456-MW Upper Tamakosi project.

With the successfully installation, bouts of happiness and celebration were seen among people in the project site. Happier lots included Nepal Electricity Authority Managing Director and Chairman of Upper Tamakosi Company Kul Man Ghising and Chief Executive Officer Bigyan Shrestha.

Installation of Lower Vertical Shaft is one of the most complicated and technically challenging parts of the project. Therefore, it was technically a major breakthrough.

One Pen-stock pipe in lower Vertical Shafts have now been successfully installed. It took seven hours to install first Pipe, which is 5-meter long, with 27 tons.

There is the need to install 74 pipes, in 372 long lower pen-stock shaft. "After successful installation of pipe in lower vertical shaft, the uncertainty about the installation has come to an end," said MD Ghising. He said that the installation was technically very challenging. "Even the rope of the crane broke lifting the pipe. Following the event, there were more uncertainties whether the crane will work or not. Now, the challenges have already been overcome," said Ghising. "We have a target to start the first 76-MW unit by January 2020.

In the last two years, MD Ghising has already made many impossible projects possible. When he took the charge of NEA MD, Chameliya was virtually at the state of collapse. In just a matter of six months, the project has started to generate electricity with frequent interventions.

Recently, two chronic projects, Trishuli 3 A and Kulekhani III, have also completed the trial and are in the process of commercial generation. With his frequent personal efforts and interventions, numbers of strategically important transmission lines, which were at the stage of disruption, have been charged.

Although construction of the project is a team work, the MD has a major role to play as its facilitator. MD Ghising has played his role successfully in a very adverse environment for the development. Aimed to be completed in the coming fiscal year, Upper Tamakosi has seen the recent technical breakthrough opening avenues to the future.

Following the delay by the lot II Indian contractor Texmaco Rail & Engineering Limited, Upper Tamakosi Hydro-power Limited was handed over to ANDRITZ HYDRO, the contractor of lot 3, under a tripartite agreement with no additional cost.

Ghising's Visit

As per the direction of minister of Energy, Water Resources and Irrigation Barsha Man Pun, NEA's MD Ghising has been visiting the project site and acquiring the progress report. Since last March, MD Ghising has been visiting the project site monthly and giving necessary direction on the project.

During the visit, MD Ghising discusses the progress and challenging side of installation of lower Vertical Shaft and upper vertical Shaft. The finishing work at dam site in Lamabagar, tunnel and transmission line are going in parallel. The construction of all infrastructure is in the final stage.

High Interest and High Cost

Contradictory to the proponents of some individuals to use Nepalese Financial Institutions to make project in the country's resources to make the project cheap, Upper Tamakosi's experiences have shown that it is just a myth.

Delayed by earthquake of 2015, landslides and Madhesh agitation, design change and poor performance of lot 2 contractors of Hydro mechanical, the project has estimated to pay 21.74 billion rupees as interest During Construction (IDC) to the public financial institutions in the last eight years.

According to sources with the project, out of its total latest cost estimation Rs. 73.68 billion rupees Upper Tamakosi Company has to pay Rs 21.74 billion as IDC.

Aiming to start generation from January 2020, the project cost will further escalate in case of failing to meet the deadline of March 2020. Although the project was supposed to complete two years ago, the construction got delayed because of earthquake and landslides and weakness of contractor of lot 2.

The project was completely disrupted by the earthquake for two years due to construction of tunnel road to dam sites, and change in design and fluctuation in dollars rate.

Started in 2065/66 to complete in six years, the initial cost was 35.29 billion rupees without IDC and 48.51 with IDC. The company said it faces additional Rs. 12 billion due to depreciation of dollar and price escalation. Rs. 7 billion added due to depreciation of Nepalese currencies against dollar and Rs, 5 billion due to escalation of prices.

As a provision of Security Bond Regulations 2073, the company cannot increase its share. Thus, the burden of loan has gone up. The interest rate of the financial institutions has increased. Upper Tamakosi Company signed the agreement with the interest rate of 11 percent earlier with early review. Since the signing of the agreement, the company has been paying 10-12 percent annual interest rate. However, Nepal Government's and NEA's interest rate is fixed with 10.5 with risk premium.

Lender financial institutions have reduced interest rate for 2075 with 11 percent. NEA has urged Nepal government to consider to reduce interest rate. The government has invested 11.8 billion, Employment Provident Fund 10 billion, Nepal Telecom 6 billion, Citizen Investment Fund and National Insurance Corporation 2-2 billion each with total 31.8 billion loan.

The project generated 10.59 as equity. Among the promoters share, NEA has 41, Nepal Telecom 6, National Insurance Company and Citizen Investment Fund 2/2 percent. Public has 15,

residents of Dolakha 10 and Depositor of Employers Provident Fund, NEA's employees and employees of lenders hold 24 percent shares.

The project has upgraded 35 kilometre Chairkot-Singati road with investment of one billion rupees. The project also constructed 29 kilometres road, 7 bridges and a tunnel from Singati to Lamabagar dam site.

Using this road infrastructure, ten hydropower projects with the capacity of 5 to 200 MW hydropower are under construction in Tamakosi river basin by private sectors. The road constructed by the projects has greatly benefited people living in northern parts of Dolakha district to uplift their livelihood.

Although it has been immensely contributing to the overall development of northern Dolakha district, Upper Tamakosi is suffering from the high interest rates of internal lenders like Employment Provident Funds. This interest is much higher than any multilateral agencies or Exim Banks. This proves that construction of big projects depending on Nepal's own resources is just a myth.

Source: The Himalayan Times, July 2, 2019

AEPC mulls 2MW wind energy project in Kailali

In a bid to ensure sustainable and clean energy, the Alternative Energy Promotion Centre (AEPC) is gearing up to set up wind turbines that will generate two megawatts of energy in Kailali district.

As per AEPC, which is a unit under Ministry of Energy, Water Resources and Irrigation (MoEWRI), studies are being conducted to determine the possibility of carrying out the project and a detailed feasibility study will be carried out soon.

“We plan to complete the detailed feasibility and detailed project report along with starting the project construction in fiscal year 2019-20,” said Madhusudhan Adhikari, executive director of AEPC.

The centre has allocated a budget of Rs 100 million for the project for the upcoming fiscal.

As per Adhikari, Asian Development Bank (ADB) has already conducted a feasibility study and said the project is possible.

“ADB, in its report, has said the capacity of the project (2MW) can be expanded, and we will soon fix the exact capacity of the project,” Adhikari said, adding they plan to instal wind turbines with 500 kilowatt capacity in each pole. However, if the MoEWRI approves AEPC’s proposal, wind turbines of one megawatt capacity will be installed in each pole.

As per the initial study, the cost of generating one megawatt from wind turbine will hover around Rs 130 million, which is cheaper compared to hydropower energy. At present, hydropower generation cost stands at Rs 200 million to Rs 250 million per megawatt on average.

Puskar Manandhar, energy officer at ADB, said the bank will assist AEPC to take the project forward. “We have already completed the basic wind measurement in the project site on behalf of the government,” he said, adding that access to clean, reliable and

affordable energy will help create opportunities to boost local income, which will also open the door for commercial activities.

AEPC and the local government of Kailali district have already reached an agreement to instal the wind turbines at the project site.

Mahadev Bajgain, mayor of Lamki Chuha municipality, Kailali, said they will assist in the land acquisition and other necessary processes for the project.

“Around the project site, we plan to build a park and introduce tourist-friendly activities like fishing to attract visitors.”