

Source: The Kathmandu Post, July 7, 2019

600 MW Upper Marsyangdi negotiations stall over hedge fund row

- Prahlad Rijal, Kathmandu

Nearly seven months after the Indian developer Grandhi Mallikarjuna Rao (GMR) group divested shares of the 600 MW Upper Marsyangdi Hydroelectric Project to a consortium of Chinese and Nepali firms, the fate of the project hangs in the balance as differences have surfaced between the finance ministry and energy ministry over hedging mechanism of dollar-dominated Power Purchase Agreement (PPA) with the developer.

The situation has unfolded after the finance ministry expressed reservations over the terms of contribution by the three parties –government, power utility and the developer – to the hedge fund which would be used as a cushion against exchange rate risk. The finance ministry wants the developer and the power utility to share the hedge risk equally without its direct contribution to the fund.

According to an official close to the situation, the differences have surfaced after Finance Minister Yubaraj Khatiwada proposed in a high-level meeting that the electricity authority must contribute 50 percent to the hedge fund without government backing.

“And the energy minister was against the idea of making the power utility the sole bearer of risk associated with currency fluctuations and the project itself,” said the unnamed official. “Although the power utility is itself a state body, it is also a business entity and has its own financial obligations. Adding more to such obligations under hedging risks would deter its financial growth.”

Officials at the energy ministry are also not in favour of adding to the financial stress of state-owned power utility.

“The finance ministry wants the developer and Nepal Electricity Authority to sign a two party hedge agreement and put 50-50 percent of the funds without direct contribution from its side,” said Dinesh Ghimere, secretary at the Energy Ministry. “Although the

power utility is the off taker of energy, hedging a hefty amount against exchange risk would add to its financial burden.”

According to Ghimire, officials at the finance ministry are revising the existing rules of hedging regulations and it is up to them to devise clear policies on risk sharing between government entities when it comes to projects with foreign direct investment.

As per the existing setup, contributions to the hedge fund must be made by the Nepal Electricity Authority, the government and the developer. Also, the state owned power utility, once it signs a dollar-denominated PPA, would be liable to pay the developer in US dollars for a period of 10 years or until the portion of the investment made with foreign loans is recovered by the developer, whichever comes first.

However, negotiations between the energy ministry and the consortium of developers including Nepal’s Butwal Power Company have also stalled after the ministries locked horns over terms of hedging mechanism.

“The hedging policy clearly states the government’s role in dollar-denominated PPA, now it is up to the officials of power utility, ministries and government to come to terms over contribution to the hedge fund,” said Uttar Kumar Shrestha, chief executive officer of Butwal Power Company. “It must be acknowledged that the developer has also taken a big risk by agreeing to put one-third of the hedge amount.”

Initially, the scheme was proposed to be an export oriented project but after GMR divested its holdings to Chinese firms SCIG International, Xingcheng International Investment and QYEC International, and Nepali firm Butwal Power Company, the consortium has plans to develop it with an eye on the Nepali market.

However, without a power purchase agreement with the electricity authority in place, the market for the electricity generated by the proposed project on the Marshyangdi River in Lamjung and Manang districts is yet to be secured.

Also, the developer and the Investment Board Nepal, the project implementing authority, are yet to sign a Project Development Agreement (PDA), despite multiple rounds of talks between the parties. A PDA contains the obligations that the government

and the developers have to fulfill and list the benefits like free electricity, equity and the royalty that Nepal will receive from the developer. The PDA will also categorise force majeure and termination compensation.

Earlier, a similar hedge row between the government and developer of the Upper Trishuli-1 was resolved after the developer agreed to provide 17 percent of the energy to the power utility for free after 14 years of commercial operation if the government and power utility contributed two-thirds of the total sum in the hedge fund.

The Upper Marsyangdi is envisaged as a high head Peaking Run-of-River scheme with four units each generating 150 MW. The expected energy output per year is 2282 GWh.

Source: The Kathmandu Post, July 6, 2019

Land acquisition and forest clearance issues delay transmission line project

- Prahlad Rijal, Kathmandu

The Kusma-New Butwal transmission line project—a major component of the \$180 million South Asia Subregional Economic Cooperation Power System Expansion Project—has hit a snag over land acquisition and forest clearance issues.

According to project chief Chandan Kumar Gosh, work has failed to gain momentum due to delayed paperwork by forest officials, obstructions by community forests and locals in Baglung, Nawalparasi, Palpa and Parbat.

“The project office has completed all the preparations pertaining to forest clearance and easement rights, but it has not been able to begin work,” said Gosh. “There is lack of coordination among forest officials; and in some places, locals have obstructed laying of tower foundations.”

The alignment of the 88-km 220 kV transmission line passes through Parbat, Baglung, Syangja, Palpa, Rupandehi and Nawalparasi districts along the Kali Gandaki transmission corridor in central Nepal.

The project office has obtained a forest clearance permit in Parbat, but officials at the local community forest have been posing obstructions. Forest clearance in Nawalparasi and Palpa, where around 14,000 trees need to be felled, is bogged down in paperwork. Locals in Baglung have expressed discontent over the terms of the easement rights.

As a result of the setbacks, the Kusma-New Butwal transmission line being built to strengthen the evacuation capacity of the power plants in the Kali Gandaki River basin is less likely to be commissioned in December 2020 as expected.

On Friday, a team of project officials led by Nepal Electricity Authority Managing Director Kulman Ghising left for Baglung and other districts to inspect the project's progress and try to resolve the issues.

“The power utility is coordinating with the respective authorities and locals to resolve issues pertaining to easement rights,” Ghising told the Post. “It is a major component of the project that is being built to make our distribution system more efficient, and all the stakeholders must actively work to allow the project to move ahead.”

The 88-km section is a major component of the Kali Gandaki Transmission Corridor Project funded by grants and loan arrangements with the Asian Development Bank. The Nepal Electricity Authority, the project executing agency, awarded a \$24 million contract to build the power line from Kusma to Butwal to Indian contractor Larsen and Turbo in 2017.

The paperwork and surveys to delineate the alignment of the power line have been completed, but lack of coordination among local authorities and the project office has sunk the project into uncertainty.

The District Administration Office in Syangja published a 15-day notice on Friday calling 67 individuals to collect their easement compensation so that construction work on the transmission line can begin.

Four projects, including three high capacity transmission lines and three 220/132 kV substations in the Kali Gandaki corridor, are currently under construction under the \$180 million grant and concessional loan agreement.

The project has reported 75 percent physical progress in the Dana-Kusma section.

“Work is in full swing and we have finished erecting 114 towers, and plan to commission the line within three months,” said Gosh.

The Asian Development Bank, while announcing its decision to aid the projects in 2014, had said that the projects were initiated considering the fact that an inadequate power evacuation network was a bottleneck to meeting domestic power demand and engaging in power trade with neighbouring countries.

Also, the government has prioritised these transmission lines as power consumption is concentrated in Nepal's central region, and the country's largest hydropower project in operation, the 144 MW Kali Gandaki A, lies in the corridor. The project has also planned

to build a second cross-border transmission line from New Butwal to Gorakhpur in India to export electricity from hydropower projects in the Kali Gandaki and other basins.

An agreement between India and Nepal on cross-border transmission, allowing a \$630 million project funded by Millennium Challenge Corporation and the government to start, remains to be signed.

As per power utility statistics, 20 hydel plants owned by independent power producers are currently under construction in the Kali Gandaki corridor while seven are in operation. Also, Gandaki Province, where the Kali Gandaki corridor projects are located, is the largest power producer in the country, feeding 481 MW to the national grid.

Source: My Republica, July 7, 2019

Upper Trishuli 3 'A' to start generation from first week of August

HIMNATH DEVKOTA

RASUWA, July 7: Upper Trishuli 'A' Hydropower Project (60 MW) has said that the project will not be able to start commercial generation within the current fiscal year.

Fanindra Raj Joshi, project chief of Upper Trishuli 3 'A', said that second unit will start generation only from August. "The first unit has already started power generation. Power generated by the unit has been connected to the national grid," he added.

Earlier, the project had said that both the units will start power generation within mid-July.

The first unit has been generating 30 MW of hydropower from last Friday. "This is trial production. The project will start commercial production once both the units start generating power," he added.

The project had earlier targeted to start power generation from the first unit from April 30. Upon completion, the project will be producing 8 percent of total hydropower produced in the country.

The project, which has dam in Rasuwa and powerhouse in Nuwakot, is being implemented by Nepal Electricity Authority. NEA handed over contract to develop the project to China Gezhouba Group Corporation in Engineering Procurement and

Constitution (EPC) model. NEA signed the contract with Chinese contractor on May 28, 2010.

NEA started the project in April, 2011, setting completion 2014 construction deadline. However, the project got delayed by nearly five years because of the dispute with the Chinese contractor over increasing the project's capacity. Because of this, the project's deadline was extended till 2016. However, project works couldn't gain momentum due to the 2015 earthquakes and subsequent Indian blockade. This forced NEA to extend deadline to April 30, 2019. The total estimated cost of the project is Rs 13.99 billion.

According to NEA officials, the 60-megawatt project will be instrumental in managing supply and demand in the Kathmandu Valley given its proximity to the capital city.

Source: The Kathmandu Post, July 10, 2019

Nepal, India officials to meet to get cross-border transmission line project moving forward

- *The proposed Butwal-Gorakhpur power line is part of a \$630 million US-funded project.*

- Prahlad Rijal, Kathmandu

The Nepal Electricity Authority will hold talks with the Central Electricity Authority of India in New Delhi this week in a fresh attempt to finalise the terms of the agreement on the proposed [New Butwal-Gorakhpur Cross-Border Transmission Line Project](#).

The move comes nearly five months after the sixth secretary-level meeting between the two countries in January decided to [examine the funding and implementation modality](#) of the planned power line.

The construction of the 135-km-long 400 kV transmission line will allow the power utility to export electricity procured at a lower rate during the rainy season when output swells due to high water levels in the rivers, and import power during the dry season when output drops. But a deal is unlikely to be reached soon due to uncertainties over its commercial viability and issues pertaining to risk management and grid harmonisation.

“Nepali and Indian utility officials will only try to find ways to address the issues during the planned talks, and propose a deal to high-level officials,” said Prabin Raj Aryal, spokesperson for the Energy Ministry. “After the high-level mechanism between the two countries finds a commercially viable way to build the project, it will go into implementation.”

But after the seventh secretary-level meeting initially slated to be held at Bengaluru in June was postponed owing to the recent Indian elections, no date has been fixed for the joint mechanism needed to strike a deal on the transmission line.

Earlier, officials from the two countries had reached a broad agreement that the portion of the transmission line passing through Indian territory would be built by a

commercial entity, after India rejected Nepal's proposal to develop the line under a government to government financial model.

Around 120 km out of the Butwal-Gorakhpur Transmission Line's 135-km length lies in Indian territory. The proposed entity will be a joint venture between Indian and Nepali entities with an equal portion of grants and interest-free loans from the respective governments. An agreement on the proposed investment modality is yet to be reached because of questions over the commercial viability of the arrangement.

After failed attempts to convince India to agree on a government to government model, the state-owned power utility will propose developing the cross-border line under a company of the same type operating the Muzaffarpur-Dhalkebar power line, according to an official close to the situation. But the Nepal Electricity Authority will have a greater share in the company.

“The Butwal-Gorakhpur Transmission Line can act as a suitable channel to fulfil the seasonal complementarities of demand and supply as Nepal relies heavily on run-of-the-river projects whose output peaks during the monsoon when India's farm sector sees a surge in power demand,” the anonymous official said. “And Nepal can also import energy through this line during the dry season when the plants run at less than 50 percent of their capacity.”

The proposed power line project is a major component of the \$630 million Electricity Transmission Project and Road Maintenance Project [funded by Millennium Challenge Corporation of the US](#) under a Nepal-US compact; and if a deal cannot be reached, the compact will become ineffective as this is a prerequisite for Nepal to receive the funds.

Lack of an agreement will also limit the options for power trade with India, particularly deferring the export of surplus energy which Nepal is poised to produce in the upcoming year. With this in mind, the government [has prioritised the initiation of the project](#) in the 2019-20 budget.

The Energy Ministry has accorded the project high priority as the Electricity Transmission Project will result in efficient distribution of imported power to high energy consuming cities like Bhairahawa, Butwal, Pokhara and Narayangadh. Also, the lines can be used to evacuate energy produced in the Kali Gandaki, Marshyangdi and Trishuli corridors where there is a high concentration of power schemes.

[As per a report](#) by the National Renewable Energy Laboratory's Strategic Energy Analysis Centre of the US, Butwal is a strategic location for cross-border energy trade between India and Nepal because of its proximity and ability to connect with India's Uttar Pradesh state and the Northern Regional Load Dispatch Centre via Gorakhpur where power demand is high during the monsoon.

“Market fundamentals and longer-term trends appear to favour connections to the Northern Regional Load Dispatch Centre region, which tends to be a net importer of electricity. Upgrading the Butwal-Gorakhpur path is consistent with this likely value proposition,” the report states.

In May, Millennium Challenge Account-Nepal, an agency of the Nepal government formed to manage the Nepal-US compact, requested prospective contractors to come forward and share information on the 400 kV transmission line and construction standards and modalities as the first step in implementing the US-funded Electricity Transmission Project and Road Maintenance Project.

Source: The Himalayan Times, July 7, 2019

NEA to track sub-stations and transformers via online system

Nepal Electricity Authority (NEA) is gearing up to launch a 'smart system' to monitor all its sub-stations, transformers and transmission lines across the country via online.

According to Energy Competence Department under NEA, the power utility is installing the system in all big sub-stations and large transformers across the country.

In the first phase, the NEA plans to instal the online system in 325 big transformers located out of the Valley.

Most of the large transformers are in the industrial corridors.

Lila Aryal, information officer at NEA, said the department is currently testing the system in five small sub-stations of Kathmandu Valley as a pilot project. "Once we are assured of its efficacy and reliability, the system will gradually be extended to all sub-stations across the country."

After the system is installed, the control mechanism will access all the data of the sub-stations including about the load, peak load, off-peak load and voltage. "The 'automatic power factor controller' system will enable the authority to access all data of the sub-stations and their functions," she said, adding that it will in turn make the monitoring system more effective and ensure well-managed and reliable operation.

As per Aryal, after the completion of the testing phase, NEA will instal the online system on big transformers and transmission networks within six months.

The online tracking system will enable NEA to monitor its entire system in real time, according to Aryal.

This is expected to go a long way in curbing illicit behaviours.

Reportedly some sub-station staffers are intentionally obstructing power supply to consumers to fulfil their vested interests.

Source: The Himalayan Times, July 9, 2019

Government starts inking agreements for electrification

The government has started roping in development partners to fulfil its aim to expand electricity access to every household of the country within three years.

Even though electrification in the country dates back 104 years, nearly 10 per cent of the households still lack access to electricity.

The government is seeking loans and grant assistance from the World Bank (WB), Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB) to fund the electrification in some of the provinces.

According to Nepal Electricity Authority (NEA), the power utility has already signed an agreement worth \$40 million with WB last month to electrify Province 3.

Similarly, it is in the final stage of inking an agreement with the ADB for Province 2, although the assistance amount is yet to be fixed.

Moreover, the government is planning to sign an agreement worth \$100 million with AIIB for electrification of provinces 5, Karnali and Sudur Paschim.

As per NEA, provinces 1 and Gandaki will be electrified utilising local resources.

Hara Raj Neupane, deputy managing director of NEA, informed the authority has completed a preliminary study and tentative planning for electrification in all provinces.

“We plan to build more substations and expand major transmission lines to every province, especially the local level headquarters,” he said, adding that as per the federal governing system, the local governments have also been given the mandate to utilise their budget for electrification through local distribution lines.

“We will coordinate with the local governments for the electrification process and are committed to finishing the tasks within the stipulated timeframe,” Neupane said.

The government is inking multi-year contracts with all development partners to utilise the funds for electrification.

Earlier, Minister for Energy, Water Resources and Irrigation Barshaman Pun had given assurance to the Parliament that the electrification process would be completed within the given deadline of three years.

The government had released a white paper in May 2018 stating that 5,000 megawatts of electricity will be generated in the country within five years and 15,000 megawatts in 10 years.

Source: The Himalayan Times, July 9, 2019

[We will ensure a win-win situation for all concerned in tariff revision](#)

UMESH POUDEL

The government introduced the Nepal Electricity Regulatory Commission Act in 2017, which paved the way for formation of the regulatory agency in the electricity sector. The government has envisioned the commission to regulate electricity generation, transmission, distribution and cross-border power trade. The commission will regulate issues related to tariff fixing and implementation too. The commission's decisions and directions will have to be followed mandatorily, meaning that its presence will be significant in putting an end to the irregularities reported in the energy sector. Umesh Poudel of *The Himalayan Times* caught up with Dilli Bahadur Singh, chairman of Nepal Electricity Regulatory Commission, to learn about the commission's plans. Excerpts:

You were recently appointed the chairman of Nepal Electricity Regulatory Commission. What has been your experience so far?

The government unveiled its plans to regulate this sector 16 years ago. But, unfortunately establishment of the commission was delayed due to various reasons. Before I got appointed, four candidates for the top post of NERC, including myself, had made presentations about our vision and short-, medium- and long-term priorities. I suppose the government liked my presentation the best and I got the post. Currently, we are facing the crunch of manpower, finances and other resources. Still, we plan to take the commission forward as per the mandate given by the government as well as per the laws. Firstly, the government needs to facilitate us with proper infrastructure and sufficient human resources — we need at least 77 personals — to ensure smooth functioning. The government is currently holding discussions on the matter. Moreover, we recently hired a surveyor to clarify our jurisdiction as guided by the Nepal Electricity Regulatory Commission Act and guidelines. Furthermore, we recently released hydropower share allocation guidelines after holding consultations with concerned stakeholders, despite our limited resources. Thereafter some independent power producers (IPPs) have submitted their applications for pre-authentication of IPOs. However, we have not opened those files due to manpower crunch.

What other works are in the pipeline?

Now that we have released the IPO allocation guidelines, we are currently working on formulating complaint and mediation guidelines to address any issues raised by and among developers, Nepal Electricity Authority (NEA) and other concerned authorities. The NERC Act has given us the jurisdiction at par with the district court. Hence, we need better guidelines to sort out any complications in the energy sector that might arise in the future. Furthermore, we are going to make an internal work procedure, power purchase agreement (PPA) guidelines, grid code, electricity safety code and distribution code. We have already initiated the work of grid code and PPA guidelines.

IPPs have accused the commission of halting the process of PPA. What is your say on this?

After the commission was set up, we published a notice stating our location and working area. The issue related to PPA is basically just a misunderstanding. The NEA has the sole responsibility to buy and sell electricity, not to mention ink connection agreement, PPA and other things. But we have a final say before any agreement is signed, meaning that we check if the contract needs any adjustment or not. If no PPA has been signed in recent days it is because NEA has not forwarded any file related to it for our consent. Therefore, blaming us for holding up the PPA is totally wrong. We are the facilitator as well as the coordinator.

The government has given rights to the commission to introduce, modify or determine electricity tariff. Is there any plan to change the electricity tariff?

A complaint by the concerned stakeholders — electricity seller, buyers or consumers — needs to be filed before electricity tariff can be changed. At present, no stakeholder has filed any complaint at the commission for a revision in tariffs. However, we are preparing a new guideline related to electricity tariff. Since our appointment, the commission has been conducting a series of discussions with concerned stakeholders, including NEA, IPPs, alternative energy associations, and consumer associations, among others. In the meeting with NEA, they tabled strong reservations against the loss of 44 paise per unit that the power utility is incurring right now. So, we will hold further consultations with the NEA team to find a feasible solution to this problem. We will

ensure that it is a win-win situation for all concerned, including the general consumers, sellers and buyers.

There has long been a dispute between NEA and industrialists regarding payment of dedicated and truck line bill. How do you plan to find a way out?

The thing is, the industrialists have already filed a petition at the Supreme Court saying that NEA was wrong in asking them to pay the bills from fiscal 2015-16. And this was before the commission was established. Since we can't interfere with the court's decision, we need to wait for the decision of the apex court for further process. Nevertheless, some industrialists have not filed a case at the Supreme Court and we can look into their case if they come to us.

How do you plan to maintain the autonomy of the commission?

The NERC Act has clearly mentioned and envisioned that the commission will be an independent body. The act has also said the commission will collect fees from various sources for its sustenance. We have jurisdiction to collect fees for giving consent to initial public offering, wheeling charge, among others. If we are able to sustain ourselves, it will result in economic independence, which is crucial for independence of the commission as well.

IPPs are gearing up to establish an electricity trading company citing that the state-owned power utility had short-changed them in power trade. What do you have to say on this?

We will facilitate anyone who comes to us seeking our support to set up a power trading company, build transmission lines, and generate electricity. In fact, I think increased competition in the sector will eventually benefit consumers. I believe setting up of a new company can result in more government-to-government and business-to-business deals. While NEA is unable to bring FDI in energy sector, a company set up by the IPPs can do so, which will ultimately benefit consumers and the entire nation as well.

Source: The Rising Nepal, July 7, 2019

Every Nepali's house to be illuminated: Energy Minister

Kathmandu, July 8: Minister for Energy, Water Resources and Irrigation, Barshaman Pun, has said electricity projects would be pursued only by considering the nation's interest.

He said so while responding to queries raised by lawmakers during deliberations on the various topics related to the Ministry of Energy, Water Resources and Irrigation under the Appropriation Bill, 2076 BS in the meeting of the National Assembly today.

"The government carrying out works with the goal of reaching electricity to the house of all the Nepalis within the next three years," the Energy Minister asserted.

He said 3,500 megawatts power would be produced within the next three years from 22 electricity projects that have been forwarded in the country at present and added that the Trishuli

'A' Third has proved that hydroelectricity projects could be built through domestic capital by pooling the money scattered across the nation.

Stating that provisions have been made connecting the electricity produced by small projects to the central grid and providing benefits to the projects, the Energy Minister asserted that efforts were on for the development of industries by means of energy.

"A target has been set for achieving eight percent economic growth next year for the country's economic development and prosperity. I urge one and all to participate in the campaign of developing the country by making investment in the projects with people's investment as these projects are secure for investment," he said.

He informed the Assembly that a decision has been made to go ahead with the Sunkoshi-Kamala-Marin Diversion Project with the estimation that it will provide irrigation facilities to 122 thousand hectares of land in the central Tarai.

A latest study shows that there are 23 thousand rivers, streams and rivulets in the country, he said, reiterating the government was carrying out works by keeping the Chure conservation, river training and embankment construction in priority. Before this, it was said Nepal had 6,000 rivers- big and small.

"This time, Rs 2.50 billion has been earmarked in the federal budget for the construction of embankments and no shortcomings would be allowed in the river training works in the coming year through joint efforts of the federal, state and local governments," Minister Pun said.

He said the construction of Budhi Gnadaki Hydroelectricity Project, a project of national pride, has not been awarded to any party so far and the government was mulling constructing it by the state itself. Discussions are on regarding the construction modality and arranging the investment for this project, he added.

According to the latest DPR of the project, the preliminary construction cost of the project has been estimated around Rs 273 billion. The Energy Minister also reiterated that the government was aware and conscious that the West Seti Hydroelectricity Project, another national pride project, with a capacity of generating 750 megawatts power should be advanced as per the country's interest.

Source: My Republica, July 8, 2019

Tanahun hydro project: 4 companies submit bids for dam construction

KATHMANDU, July 8: Four different companies have come up with formal intent for the construction of structures, including a dam in Tanahun hydropower project. Four companies, including a consortium of Nepali entity, have submitted quotations for the construction of different structures in the 150-MW Tanahun Hydropower Project.

The companies submitted technical and financial proposals within July 7 – the deadline set by the project's promoter Tanahun Hydropower Limited. The technical and financial proposal was solicited from interested companies in line with the Procurement Directives of the Asian Development Bank.

China Gejuwa Group Company Limited, China, Xino Hydro Corporation Limited, China, China National Electric Engineering Corporation Limited and Xong Da Corporation Vietnam Kalika Construction Nepal JV have submitted proposals for the same. Pradeep Kumar Thike, managing director of Tanahun Hydropower Limited, informed that the financial proposal of effective companies would only be opened following the assessment of technical proposals.

The evaluation of the technical proposals will be carried out by August-end and will be sent to ADB for consent and the financial proposal will be opened after ADB consent. As per the schedule, contract signing will be done within October 31 and contractors will be mobilized in the project

site within mid-December. Tanahun Hydro on April 25 had re-solicited bids from international companies following the termination of contract with Italian Company CMC for the construction of structures in the project. The bidder in the first package is required to construct a 140-metre high concrete dam, two diversion tunnels and makeshift dams in the project site.

However, Chinese Company Xino Hydro Corporation Ltd has already initiated works under the second package including construction of project tunnel, power house, supply of hydro mechanical and electro-mechanical equipments and installation and operation. The Company now is constructing structures such as project site office building and staff quarter in addition to survey and design of project entrance gate and other infrastructures.

Likewise, under the third package, contract signing has been done with Indian Company, KEC, for the construction of double circuit transmission line with 220 -KV capacity from Damauli to Bharatpur. Total cost of the project is 505 million US Dollars. Loan agreement between donor agencies and Nepal government as well as auxiliary loan agreements between Nepal government and Nepal Electricity Authority (NEA) and NEA and the Company have already been signed. The project is aimed to complete its total construction by June-end of 2081.

Source: The Kathmandu Post, July 11, 2019

Officials working on alignment of Galchhi-Kerung transmission line

Renewed interest in the on-again, off-again Kathmandu-Kerung railway plan has been sparked by an announcement by energy officials that they are working to fix the alignment of the Galchhi-Kerung transmission line, the first thing that needs to be built if trains are to run between Nepal and China across the Himalaya.

A recent report being evaluated by the Nepal Electricity Authority has spread confusion among project officials who are poised to hold talks with the Department of National Parks and Wildlife Conservation on letting the power line pass through Langtang National Park before crossing the northern border.

“The study shows that at least 5 km of the 70 km line must pass through the national park; and if the project is to be made economically viable, 22.5 km of power lines and pylons must run through the conservation area,” said project chief Komal Nath Atreya. “If we are allowed to build the line as per the current alignment, the project will be financially viable.”

National park department officials say that the possibility of allowing the project to move ahead based only on deliberations is minimal as they have to study an environmental impact assessment report which is yet to be prepared.

“Our officials have not yet received any formal notification about carrying out discussions on the proposed alignment,” said Bishnu Prasad Shrestha, information officer at the department. “The route can only be finalised after a proper assessment of its impact on the habitat of endangered species such as the snow leopard and the red panda.”

But without a fixed route for evaluation, the authorities cannot carry out an environmental impact assessment of the route. “We are working to finish the environmental impact assessment within one and a half years, but without the approval of all the respective officials, it cannot be done within the stipulated time,” said Atreya.

If department officials do not okay the proposed route linking the northern neighbour, the cost of the national priority project is expected to swell massively because of easement rights over privately owned lands outside the national park and difficult terrain.

In line with the priority accorded by the government to the cross-border project, the Department of Electricity Development issued a survey licence to the state-owned power utility in June to survey the 400 kV Ratamate-Rasuwadhi-Kerung transmission line with a capacity to transmit 5,000 MW.

Under the licence terms, the electricity authority has been allowed to study the possibility of establishing a high capacity switchyard at the Rasuwadhi border point and a power line with the endpoint at Ratamate in Nuwakot.

Kulman Ghising, managing director of Nepal Electricity Authority, said that the study works on the project are moving at a slow pace because of confusion over prioritization of the project.

“The routes cannot be finalised without proper EIA in place. And as of now, there are some confusion as the Chinese authorities have not accorded much priority to the project,” said Ghising.

[In 2018, officials of the Nepal Electricity Authority and State Grid Corporation of China](#) signed an agreement for cooperation on a feasibility study for the Nepal-China Cross-Border Power Grid Interconnection Project enabling the formation of a joint technical team to undertake the task.

“Our counterparts in the technical team have asked for power generation projections of the electricity authority, and they are also working to analyse the prospects of building power lines from Shigatse to Kerung,” said Atreya who is also a member of the technical team formed after Prime Minister KP Sharma Oli’s visit to China last year.

The trans-Himalayan transmission line project has been highlighted by the government in its Transmission System Master Plan for the period 2015-35.

Under the plan, two interconnection points have been proposed in Zone 4 classified on the basis of power generation and prospects of power trade between India and China.

“Zone 4 includes the Trishuli-Chilime, Khimti, and Tamakoshi corridors and consists of major plants such as Sunkoshi-2 (1,110 MW), Tamakoshi-3 (650 MW), Sunkoshi-3 (536 MW) and others,” states the master plan. “This zone is proposed to have interconnection points at New Dhalkebar for power exchange with Muzaffarpur in India and the Chilime 400 kV substation for power exchange with Kerung in China.”

Meanwhile, the Nepal Electricity Authority and the Central Electricity Authority of India have decided to take the implementation and financing modality of the New Butwal-Gorakhpur cross-border transmission project to the seventh Nepal-India secretary-level meeting after failing to agree on its terms