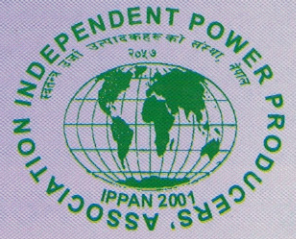


SUMMER
2001

IPPAN NEWSLETTER



The Story of IPPAN



Hydropower development is the key to economic development in the country. The estimated hydroelectric potential from the rivers of Nepal is 83,000MW of which some 44,000MW can be used economically. But so far less than 1% of the available economic potential has been exploited. Only 15% of the population have access to electricity. To achieve this goal the new government that came into power in 1990 initiated the process of economic liberalization. One of the areas to benefit the most was the development of hydropower, which

until then was the sole realm of Nepal Electricity Authority (NEA). As expected many foreign enterprises came in to invest in this sector.

A number of private sector companies thought it wise in such an atmosphere to come together to form a not for profit organization, so that the maximum benefit could be had from this area. This organization was also formed specially to coordinate between the various private and government owned hydropower sectors, to exchange ideas and expertise, as well as technology, economy and management. Thus

Independent Power Producers Association, Nepal (IPPAN) was formed in 2001 with like minded people who wanted to develop hydropower sector in Nepal.

more
more...

**Member Organizations
of IPPAN: A Brief Profile.**

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Interesting Facts.

.....page 4

Member Organizations of IPPA

Himal Power Limited

Himal Power Limited was established in 1993 with the vision of providing power supply without undue interruption. The company strives to contribute to the development of the economy of Nepal by providing power in an efficient and environmentally friendly way.

With help of Butwal Power Company and Norwegian companies: Statkraft SF, Kærner a.s. and ABB Energy, some individual share holders, Himal Power Company was registered under Nepal Company Act. 1964 to develop Khimti I Hydropower Project. The project located 100 kms east of Kathmandu in Janakpur zone is the first private sector project in Nepal, based on a Build-Own-Operate-Transfer (BOOT)

concept. Environmental mitigation and monitoring was carried as per international norms. The project is jointly financed by International Finance Corporation (IFC), Asian Development Bank (ADB), Exportfinans, Norway, the Norwegian Agency for Development Cooperation (NORAD) and the Nordic Development Fund (NDF). Commercial operation of Khimti I Project started from July 2000. The total cost of the project is around USD 140 million.

The Khimti-1 is a "run - of - river" plant with an installed generating capacity of 60 MW. The annual supply to Nepal Electricity Authority (NEA) is 350 million-kilowatt hours of electrical energy. The commissioning of the plant has increased the country's installed capacity by around 25%..

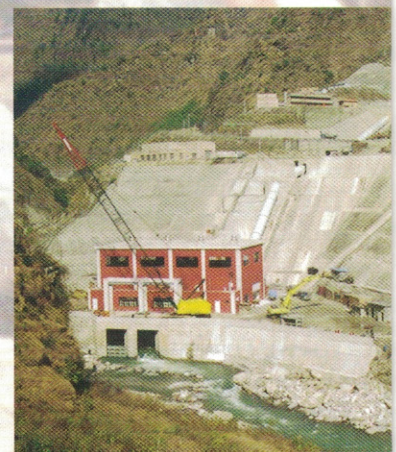


Bhote Koshi Power Company Limited

The Bhote Koshi Power Company Private Limited (BK PC) was incorporated under the Nepal Company Act 1964 in August 1997. The primary objective of BKPC is to develop, construct, own and operate the upper Bhote Koshi Hydroelectric Project (UBKHEP), sell the generated power to Nepal Electricity Authority (NEA), and build transmission lines for connecting to NEA power grid.

The promoters of BKPC are Panda of Nepal—a Panda Energy International Inc. Company RDC of Nepal—Harza Engineering International Company, Himal International Power Company (HIPC), and International Finance Corporation (IFC).

UBKHEP is a run-of-the-river scheme constructed on the Bhote Koshi river, a tributary of the Sun Koshi in Sindhupalchowk district. It is located 110-km northeast of Kathmandu near the Sino-Nepal border. The power generated from the project is transmitted to the Intergrated Nepal Power System (INPS), and Nepal Electricit Authority (NEA)



N: A Brief Profile

Butwal Power Company



It was established with the joint initiative of His Majesty's Government of Nepal (HMG/N), Nepal Electricity Authority, Nepal Industrial Development Corporation (NIDC) and the United Mission to Nepal (UMN).

BPC believes in using indigenous resources, appropriate technology, training and technology transfer to develop Nepalese skills and expertise.

Some of the projects developed by BPC are the 1MW Tinau, 5.1MW Andhikhola, 12MW Jhimruk and the 60 MW capacity Khimti as a local shareholder partnership. BPC is now planning, building, owning and operating small/medium sized hydropower projects.

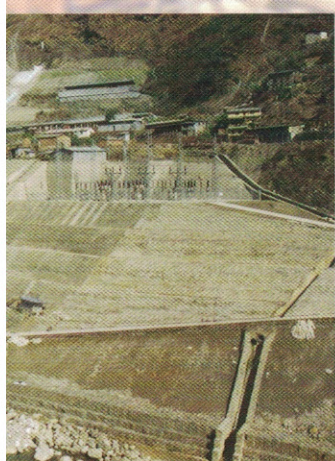
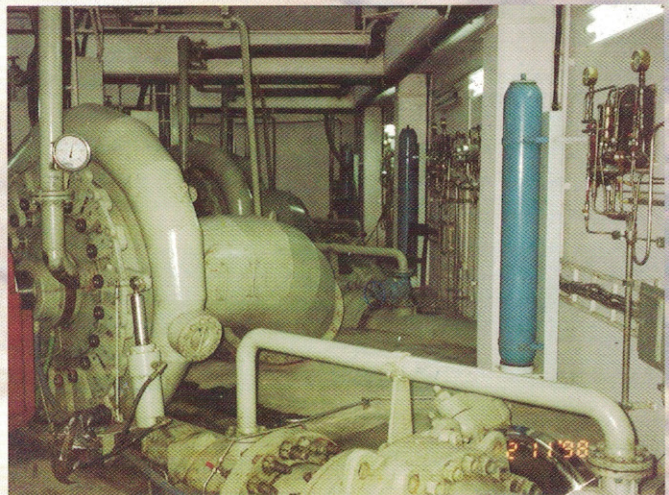
Butwal Power Company (BPC) was started in 1966 to develop the electricity sector of the country.

Over the years, Butwal Power Company has developed a competent team of people and several institutions viable for development of hydropower prospects in the country.

Lamjung Electricity Development Company

Lamjung Electricity Development Company (LEDCO) is a community owned company dedicated to developing modern forms of energy through renewable energy technologies. LEDCO's mission is to provide clean and reliable source of energy by tapping the natural resources in an economically viable, environmentally responsible and socially acceptable manner. LEDCO aims to produce and distribute electrical power to Lamjung district as well to the national grid.

Presently LEDCO's work is divided along two lines – Track 1 and track 2. Activities under Track 1 include the development of small hydropower projects, which are to supply electricity to the national grid as well as



purchases the generated power.

An Environmental Impact Assessment (EIA) Study for the project was conducted in 1996 and IUCN has done an environmental monitoring of the project

The UBKHEP Plant was synchronized to the NEA grid on January 3rd 2001

the local population. Track 1 projects are commercial ventures that aim to provide dividends to the shareholders of LEDCO, and partially finance activities for Track 2. Track 2 activities include rural energy supply and local promotion development to meet social objectives of promoting rural electrification and improving the standard of the local population b promoting economic and development activities.

Currently LEDCO has completed the study of Nyadi Hydropower Project, a 20 MW, US\$ 32 million scheme. Likewise LEDCO has initiated study of the approximately 3 MW Khudi Hydropower Project, which is expected to cost about US 3.5 million. Both the Khudi and Nyadi rivers are tributaries of the Marsyangdi River.

Some Interesting Facts About IPP's in Nepal

NATIONAL

Name of Company	Project	Capacity KW
Annupurana Power Co. Pvt.Ltd.	Trishuli	3,000
Arun Valley Hydro Power Dev. Co. (P) Ltd.	Piluwa	3,000
Alliance Power Nepal (P) Ltd.	Bhairab Kunda	994
Gorkha Hydro Power Co. (P) Ltd.	Baglung	5,000
Manang Trade Link (P). Ltd., Nepal		
National Hydropower Co. (P) Ltd.		
Sagarmatha Power Company		
Swet Bhairab Power Supply (P) Ltd.		
Task Hydropower Co. (P) Ltd.	Sunkoshi	500
RHP- Project		
Sanima Hydropower (P) Ltd.	Sunkoshi	26,00
Butwal Power Co. Ltd.		
Bhote Koshi Power Company		
Khoranga Khola Hydropower Dev. Co. Ltd.	Khoranga	2.033
Annupurna Group (P) Ltd.	Madi I	20,000
Lamjung Electricity Dev. . Company (P) Ltd	Nyadi	20,000
Himalaya Energy Dev. Co. Pvt.Ltd.	Upper Jhimruk	400
Molria Power (P) Ltd.	Rasuwa	5000

Out of the 11 Projects offered for development the proposals of the seven companies have been approved.

Project	Capacity (MW)	Company
Budhi Ganga	20	Cement Coordination and Planning Cell, Aditya Birla Group, India
Liku-4	51	Pacific Hydro Limited, Australia
Tamur- Mewa	83+18=101	Combined Energy Companies, USA
Andhi Khola	176	Trans Himalayan Power Development
Nepal & Eurorient Investment Group, USA, JV.		
Dudh Koshi-1	300	ASTQ Holding Corporation, Canada
Kankai	60	Coyne Et Bellier, France
Arun-3	402	Eurorient Investment Group, USA

INTERNATIONAL

Name of Company	Project	Capacity KW
ASTQ Holdings Corporation (Canada)	Dudhkoshi	301 MW
Coyne ET Beller (France)	Kankai	60 MW
Cement Co- ordination &Planning	Budhi Ganga	20MW
Cell (CCPC) (India)		
Combined Energy Companies (USA)	Tamor-Mewa	101MW
Eurorient Investment Group (Investment Banking) (USA)	Arun III Project	402 MW
Braspower (Brazil)	Lower Arun	308 MW
Pacific Hydro Limited (Australia)	Likhu-4	51MW
VA Tech, Switzerland		
Trans HP Development and Eruo Orient	Andhikhola	176 MW
Euro Orient Investment Group (USA)	Arun III project	402 MW
Euro Orient Investment Group (USA)	Upper Arun	335
Statkraft SF (Norway)	Khimti Khola-II	27MW
Sulzer Hydro Limited (Switzerland)	Upper Marshyang di-3	121
Snowy Mountain Engineering Corporation	Budhi Gandaki	600MW
NEA	Middle Masyandi	72MW

Out of 11 projects offered for feasibility study proposals of the following six companies have been approved

Project	Capacity (MW)	Company
Lower Arun	308	Braspower International Engineering, Brazil
Khimti-2	27	Statkraft International, Norway
Kaligandaki-2	660	ASTQ Holding Corporation
Upper Trisuli-2	300	Pacific Hydro Limited, Australia
Mai Loop	60	Sanima Hydropower (P) Ltd., Nepal
Upper Marshyangdi	121	Sulzer Hydro Ltd., Switzerland