

Source: My Republica, August 31, 2019

Delay of Dana sub-station delays hydropower projects

MYAGDI, Aug 31: The testing of structure and equipment of Ghalemdi River Hydropower project located at Narchyang of Annapurna Rural Municipality-4 in north Myagdi has completed. After three successful testing, the project of 5 MW capacity is ready to generate electricity.

Likewise, 90 percent work of Mistri River Hydropower Project with capacity of 42 MW has been completed. This project is also located in Narchyang. All the equipment has reached the project site, and it has been targeted to finish the project in four months. The work for tunnel, intake, and powerhouse has been expedited.

However, despite the progress, both the projects are lackadaisical in completing and generating electricity as the sub-station located at Dana of Annapurna Rural Municipality-3, where both the projects are supposed to be connected and supply power supply, is delaying completion.

According to the chairman of the Ghalemdi project Kishor Subedi, the electricity produced by Ghalemdi is ready to be connected to the transmission line. But the delay in construction of the 220 KV sub-station is delaying the project's works, he said.

"Test production has been completed, however, the work for commercial production is yet to be started," said Subedi. Because of delay in the sub-station work, it will take one year to supply electricity as per its capacity.

"There is no meaning of producing electricity without the completion of sub-station. So we are carrying out civil works at the moment," said Chudamani Niraula, engineer of Mistri River Hydropower Project. "Before construction of the sub-station, our electricity will go wasted."

Meanwhile, the chief of the Ghalemdi sub-station project, Chandra Kumar Ghosh, stated that 75 percent of the sub-station works have been completed. "We have managed alternative facility for Ghalemdi. We will complete the project within November," Ghosh said.

According to him, station works under the transmission line has been rapidly going on in Dana of Myagdi and Kushma. He said that local people have been creating hurdles in the work of six towers, at Pokharebagar of Annapurna-6.

The locals had been protesting against the high-tension lines above their settlement. As Pokharebagar has been established as the market, there is no immediate alternative due to which the work has been paused. The 42 MW power from Mistri River, 5 MW from Ghalemdi River, and 13.5 MW from Thapa River at Mustang will be connected to the central grid, apart from an additional 100 MW from different under-construction projects in the district.

Source: The Kathmandu Post, September 1, 2019

Solu Corridor Transmission Project reports 75 percent physical progress

The Indian contractor Mohan Energy has finished foundation works of 207 towers along the 90-km-long route of the distribution infrastructure in Siraha, Udaypur, Okhaldhunga and Solukhumbu districts.

The Solu Corridor Transmission Project which had gotten off to a late-start has finally reported physical progress of 75 percent, two years since the construction began.

According to Nepal Electricity Authority, the Indian contractor Mohan Energy has finished foundation works of 207 towers and 43 pylons are upright along the 90-km-long route of the distribution infrastructure in Siraha, Udaypur, Okhaldhunga and Solukhumbu districts.

The [project envisages building](#) 303 transmission towers and installing 132 kV double circuit cables to evacuate power from hydropower plants in Solukhumbu and surrounding region to eastern Nepal and the national grid.

Lack of a proper transmission infrastructure had worried the promoters of under-construction independent hydel plants in Solukhumbu over possible spillage of electricity. The promoters complained that delays by the power utility in executing the project in stipulated time would translate into losses amounting to millions of rupees.

Amid complaints from the promoters who took the issue to Province 1 government, Chief Minister Sherdhan Rai on Saturday took stock of the project's progress and discussed with power utility officials and its promoters in Dharan.

The Chief Minister said that the provincial government was committed to avert spillage of power and remove local obstructions hindering the construction of the transmission infrastructure.

According to Managing Director, Kulman Ghising of Nepal Electricity Authority, there are no records of power spillage and the Solu Corridor will be operational before the under construction hydel plants roar into life.

The project, funded through government investment and a concessional loan from Export Import Bank of India, had faced two hiatus owing to rows over the contractor selection process. The electricity authority [had entered into a contract](#) with the Indian developer in March 2016.

“Completion of the infrastructure is slated for 2020, February and the deadline might be pushed by a month or two,” said Ghising. “However, the under-construction projects will not be operational by that time.”

The utility has signed power purchase agreements to buy 325 megawatt of electricity from 12 hydropower schemes including the 82 megawatt Lower Solu plant and 23.5 megawatt Solu Khola Project in the region.

And the purchase agreement has clauses subjecting the electricity authority to fines amounting to 45 percent of total losses caused by spillage of power from those projects in absence of the transmission infrastructure.

Terms of the agreement require Lower Solu to be commissioned in November this year.

As the Solu Khola plant is expected to roar into life before the upcoming festival's end, the power utility and project developers have agreed to evacuate electricity produced by the plant through alternative lines.

According to the power utility, the quantum of power generated by the plant during the dry season when most of the power plants churn power half their capacity can be fully conveyed by the 33 kV alternative lines.

Tower construction works have not begun in a year in Udaypur district owing to obstruction by locals of Maruwa Harit Community Forest in Katari. The project has planned to install 12 transmission pylons in the community forest area.

According to Project Chief Janardan Sharma, obtaining permits from community forest officials for easement rights has taken a long time because of obstructions and the process itself is overwhelmingly lengthy as it requires the consent of all the affected locals.

The project had faced a month-long hiatus recently owing to recent floods that ravaged roads in Udaypur, Okhaldhunga and Solukhumbu.

Source: My Republica, Sept 2, 2019

Electric vehicle charging station inaugurated

KATHMANDU, Sept 3: The policy adopted by the government to operate electric vehicles has come into implementation as the private sector has brought the charging station for electric vehicles into operation intending to address this government policy.

Sundar Yatayat, a private sector public transport service provider, has operated the charging station here in the capital. Moreover, it has also geared up to operate four electric buses in the capital from September 9.

Secretary at the Ministry of Energy, Water Resources and Irrigation, Dinesh Kumar Ghimire inaugurated the charging station amidst a program on Tuesday. On the occasion, Secretary Ghimire said the policy was to gradually reduce the importation of petroleum products and increasing the use of electricity produced in the country.

Chairman of Sundar Yatayat, Bhesh Bahadur Thapa said six vehicles can be charged at one time at the charging station that has come into operation from today.

According to him, a bus plying on the Ring Road consumes fuel worth Rs 4,000 daily whereas an electric vehicle uses electricity worth only Rs 700. This makes transportation by electric vehicle cheaper and smoother.

Thapa shared that arrangement has been made to charge an electric bus for a fee of Rs 4.20 per unit of electricity.

The government has the policy of operating electric vehicles in the major cities including the capital Kathmandu and of displacing the LP Gas used at the household level for cooking by electricity.

Mega hydroelectricity projects as Upper Tamakoshi, a project of national pride, would be completed by the end of the current fiscal year. Similarly, more than a dozen projects developed by the private sector including Rasuwagadhi and Sanjen, among others will also be completed by the end of the current fiscal year.

Source: The Himalayan Times, September 2, 2019

Solu Corridor project to face no more obstacles

With an aim to carry on with the construction works of the 90-kilometre-long Solu Corridor (transmission line project) in a smooth manner, the concerned stakeholders have agreed to create a favourable environment for the project.

The discussion held between Chief Minister of Province 1 Sher Dhan Rai, managing director of Nepal Electricity Authority (NEA) Kul Man Ghising, federal and provincial parliament members of Udayapur, Solukhumbu and Okhaldhunga, project officials, and locals from Udayapur has come up with a verbal agreement not to obstruct the construction works in Udayapur district.

Speaking at a discussion programme in Dhankuta on Saturday, CM Rai said that the Province 1 government was fully committed to facilitating the construction works of the Solu Corridor. “The provincial government is aware that the electricity which is generated in the region should not go to waste due to lack of transmission lines, so we need to resolve disputed issues of community forest clearance in Udayapur”.

Speaking at the programme, Ghising said NEA was committed to completing the project on time.

On May 19, NEA had asked concerned officials to complete construction of transmission line and substation of the Solu Corridor within the given deadline. NEA has directed the management officials of the project, contractor, and the consulting company to complete the project within February 2020.

According to Ghising, the 132 kVA double-circuit transmission line project has completed 75 per cent of construction works. Mohan Energy Corporation Pvt Ltd, India, has been assigned the responsibility of constructing the transmission line and the substation.

“Till date we have not faced any situation whereby the generated electricity has gone to waste due to lack of transmission lines, so I would like to urge all concerned stakeholders to work together to complete the project on time,” Ghising added.

Janardan Gautam, project head of Solu Corridor, informed that the project had been facing some problems with members of the community forests of Udayapur. “They had even obstructed construction works previously but now we have reached a constructive agreement.”

As per Gautam, out of the total of 303 transmission line towers, 43 towers have already been erected and foundations of 207 towers have been laid so far.

The Solu Corridor project is being constructed with investment from government of Nepal, NEA and a soft loan obtained from the Indian ExIm Bank. Twelve hydropower projects with total installed capacity of 325 megawatts are being constructed in the region.

Source: The Kathmandu Post, September 1, 2019

Draft Electricity Bill requires authorities to issue licences through open competition

Under the existing provision, permits are issued on a first-come, first-served basis.

The Energy Ministry has prepared a draft Electricity Bill which requires authorities to issue licences for hydropower development and operation to private developers through open competition.

After the bill is enacted into law by the House, it will replace the existing provision of giving licences on a first-come, first-served basis.

Currently, the Department of Electricity Development allows private producers to develop hydel schemes based on applications without competition based evaluation.

"The development and operation of hydropower projects can be carried out through open competition either by setting prequalification standards or without setting terms of qualification," states the bill. "The promoters qualified for competition should be allowed to vie for licences without any discrimination."

Independent power producers say the notion of open competition is healthy for the electricity market, but it remains to be seen how the government addresses issues facing private producers after the bill becomes law.

"The energy sector has licences for survey and generation of schemes with a combined capacity of 18,000 megawatts, and there is lack of clarity on what will happen to those private producers who are studying the schemes," said Kumar Pandey, vice-president of the Independent Power Producers' Association of Nepal. "Also, no points have been made on the standards for qualification or how competition can be free of preferential treatment or discrimination-free."

As per the draft bill, the rule of open competition will not be applied to companies who have received survey licences and have applied for generation licences before the enactment of the new law.

"However, the schemes failing to receive a generation licence within the time frame of the survey will be developed through open competition," states the bill.

The proposed modality for receiving licences requires the Department of Electricity Development to publish a notice calling private promoters to apply and vie for the licences mentioned by the department.

As per the provisions of the bill, local governments will be responsible for issuing permits for power generation, transmission, distribution and trade for hydel schemes with an installed capacity of up to 3 megawatts. Provincial government will hold the authority to issue permits for schemes of 3 to 20 megawatts while the ministry will issue permits for schemes above 20 megawatts.

However, the projects identified to be developed and operated by the government or entities with 51 percent government stake or more shall not be required to obtain generation licences through open competition. Also, projects funded by joint or single financing by foreign governments or donor agencies will not be subject to open competition.

Following the competition, the responsible authorities will be required to issue generation licences within 15 days of receiving the application, transmission or distribution licence within 120 days and electricity trade or customer service licence within 45 days.

Also, the new provisions, if implemented, will bar government authorities from renewing generation licences.

The draft also incorporates provisions allowing local levels to survey hydel schemes of up to 3 megawatts and provincial governments to study and survey schemes of 3 to 20 megawatts while the ministry will hold survey rights of plants above 20 megawatts.

Source: The Kathmandu Post, September 4, 2019

Talk resurfaces for unbundling the Nepal Electricity Authority

Talk about unbundling the Nepal Electricity Authority, which was on-again, off-again for more than a decade, has resurfaced with the Energy Ministry proposing to segregate the state-owned power utility into new business entities in the draft bill to amend the Electricity Act.

As per the draft bill, an entity currently undertaking more than one of the tasks of generation, transmission and distribution of electricity must form different entities to carry out the tasks within three years after the enforcement of the act.

"The integrated entity shall carry out the valuation of property and liabilities within two years and hand over the financial and organisational capacity to a new entity," states the bill. "After being conferred with the responsibility, the new entity must obtain permits to carry out either one of the tasks related to generation, transmission, distribution or trade of power."

Currently, it is under the purview of the state-owned power utility to generate, transmit and distribute power by planning, constructing and operating both interconnected and isolated facilities.

According to Energy, Water Resources and Irrigation Minister Barsha Man Pun, the Nepal Electricity Authority, with increasing generation capacities anticipated in the days ahead, requires precise planning, implementation and operation modality of power system components.

"With the Electricity Regulatory Commission in place and operational, and continued efforts in reforming the power sector, the ministry is now in the process of formulating a new act that will pave the way for institutional reform in the power sector," said the minister. "In this context, Nepal Electricity Authority should now prepare itself for such reform allowing it to make a smooth transition from vertically integrated utility to restructured unbundled entities."

The government has been mostly unsuccessful in dismantling the power utility, the country's sole off-taker of power, into different entities despite envisioning the unbundling process in the hydropower development policy in 2001.

In 2007, similar efforts to amend the act and unbundle the power utility under the pretext of enhancing performance through reforms were thwarted by the power utility's employee union which termed it a ploy to benefit cronies in the power sector.

Also, in 2015, the then government forced a move forming Rastriya Prasaran Grid Company conferring it with duties related to transmission line studies and development amid strong reservations from the power utility management.

Despite gaining shape in July 2015, Rastriya Prasaran Grid Company has remained mostly ineffective till date with only minor transmission lines in its portfolio while the power utility oversees expansion and management of the national grid.

According to energy sector experts, the idea of segregation of the power utility's function in principle is to eliminate the prevailing situation in the market that has allowed it to exercise unfair control over power prices and private producers as it is itself a power producer and also holds ownership of transmission and distribution grids.

"Over the years, the country has seen tremendous growth of the private power sector while the electricity market still has inefficiencies of imperfect competition," said Anup Kumar Upadhyay, former secretary at the Ministry of Energy. "In the prevailing situation, the electricity authority must be unbundled into new entities to create a market with a level playing field."

According to Upadhyay, it is challenging to gauge inefficiencies in transmission, distribution and generation if a single entity oversees all the tasks, but it remains to be seen how authorities will take up the responsibility given the record of previous attempts being thwarted by opposing officials.

This time, the situation is no different.

"At a time when the power utility is extricating itself from a decade of organisational inefficiency, financial strain and administrative malpractices, the idea of unbundling, if implemented, would reverse the situation," said an anonymous official at the power utility.

The power utility has been seeing profits only for the past three years after a decade of losses as it was able to reduce system loss and ensure regular supply of electricity. The net profit of the once-troubled state-owned utility stood at Rs7.20 billion in the fiscal year 2018-19, a 149 percent increase compared to fiscal 2017-18.

"The utility should be allowed to build its capacity for the next four to five years and develop robust transmission and distribution infrastructure before it is asked to hand over the roles to new entities," said the official.

Also, the proposed provisions have given rise to uncertainty as the draft bill to amend the Electricity Act comes at a time when the power utility is gearing up to form entities in line with the federal setup.

According to Nepal Electricity Authority Managing Director Kulman Ghising, he is unaware of the proposed provisions in the bill although talks are on to set up provincial entities to govern power distribution.

The Nepal Electricity Authority was formed in 1985 by merging the Department of Electricity under the Ministry of Water Resources, Nepal Electricity Corporation and related development boards.

Back then, the idea of merging separate entities emerged out of an initiative to remedy inherent weakness associated with fragmented electricity organisations with overlapping tasks. This time, the purpose remains the same, but the idea is to segregate entities that were once merged.