Source: My Republica; 11 Feb 2017

IBN for awarding Tamakoshi III through international bidding

Investment Board Nepal (IBN) has proposed to launch an international bidding for Tamakoshi III Hydropower Project.

It wrote to the Ministry of Energy (MoE) on Sunday, informing the latter of the detailed modality of such bidding. It has also forwarded reports of rapid assessment of the peaking run-of-river project which fell into IBN's lap after Norwegian firm StatKraft withdrew from the project in January last year, citing lack of viable demand and lower electricity price forecast, and insufficient transmission capacity for power evacuation.

According to the IBN, energy generated by the 650-megawatt project, located in Ramechhap and Dolakha, will be consumed domestically.

The Norwegian firm had plans to export the energy generated by the project.

Madhu Prasad Bhetuwal, the spokesperson for IBN, said that they proposed to go for international bidding as only this modality can give maximum benefits to the government.

The government got free energy as well as equity shares from Arun III and Upper Karnali as both the projects were awarded to developers through international bidding. The government had awarded both the projects to Indian developers in 2008. It signed project development agreements with the developers in 2014.

Arun III has agreed to give 21.9 percent free energy to the government, while Upper Karnali is giving 12 percent energy and 27 percent equity shares free of cost.

IBN's board meeting held on January 8 had decided to take the project forwarded by fixing development modality, conducting environmental study, completing acquisition of private and forest land required for the project, and building access road, among others. The meeting had also decided to hold needful consultations with MoE while setting the development modality.

IBN has also planned to allot a certain portion of equity investment for domestic investors.

“International bidding in the project of this scale can be the best modality for securing more benefits for the governments,” added Bhetuwal.

The government has also earned up-front fee of Rs 450 million from six projects -- Solu (23.5 MW), Lower Solu (82 MW), Khare Khola (24.1 MW), Maya Khola (14.9 MW), Singati Khola (16 MW) and Mewa Khola (50 MW) -- through open bidding. Similarly, Kabeli A was also awarded to Butwal Power Company through open bidding.

IBN also has proposed to work out procurement modality for the international bidding jointly with MoE.

Source: The Kathmandu Post; 13 Feb 2017

Mid-Marshyangdi power generation drops to 30MW

AASH GURUNG

With the onset of the dry season, power generation from the 70MW Middle Marshyangdi Hydropower Project has dipped by around 60 percent.

The hydropower plant is now generating only around 30MW of electricity on an average due to the significant drop in water level in the river basin.

The electricity generation started to dip from the month of November with the drop in the water level in the river. At the end of December, the project was generating 40 MW of electricity which further dipped down by the end of January.

The peaking run of the river project is generating 30MW of electricity at the peak hour in the mornings and evenings, whereas it drops down to meagre 20MW for the rest of the day.

“We are generating electricity as directed by the load dispatch centre of Nepal Electricity Authority (NEA),” said Pashupati Raj Gautam, chief of the Middle Marshyangdi Project. “The maximum we can generate is 30MW for a period of three hours in the morning and as many hours in the evening.”

“The project can generate more electricity during the peak hours by storing water during the day and night time,” Gautam explained.

The power plant can generate as much as 72MW of electricity during the wet season and same quantum of electricity is generated for the period of 5 to 6 months, according to the project. Gautam estimates the electricity generation to peak after the first week of June.

The project has initiated the maintenance works after the hydropower plant started to operate under capacity. “Currently, we are using a single turbine and have started the maintenance of other,” said Gautam.

Despite a massive decline in the electricity generation from the Middle Marshyandi plant, the NEA has assured that Kathmandu Valley would remain free of power cuts in February.

The country’s peak electricity demand hovers around 1,200MW but there is the domestic output of around 450MW. To bridge the gap, Nepal is currently importing around 365MW of electricity from India through eight points.

Source: My Republica; 14 Feb 2017

Dhalkebar-Muzaffarpur Transmission Line to come into use from May

Rudra Pangeni

Nepal to import 50 MW each from Raxaul-Parwanipur and Kataiya-Kushaha lines

KATHMANDU, Feb 14: Nepal and India have agreed to bring Dhalkebar-Muzaffarpur Transmission Line into use from May. The cross-border transmission line supports both export and import of electricity.

According to Dinesh Kumar Ghimire, the spokesperson for the Ministry of Energy, the transmission line will be charged into 220 KVA capacity once the construction of a substation being built in Dhalkebar is completed in May.

Though Nepal and India have signed an agreement to import 160 MW, Nepal is importing only 145 MW because the delay in construction of the transmission line. The country expects to import an additional 50 MW once the transmission line is ready for full-fledged use.

The bilateral talks between energy secretaries of both the countries held in Kathmandu on Tuesday decided to charge the line into full capacity of 400 KVA by August 2019. The 4th meeting of Joint Steering Committee co-chaired by Nepal's Energy Secretary Anup Kumar Upadhyaya and India's Power Secretary P K Pujari also decided to increase power supply, according to a press release issued by the Ministry of Energy after Tuesday's meeting. “

"With the infrastructure in place, country's energy supply will be further strengthened in the coming ye”r," informed Prabal Adhikari, the spokesperson for the Nepal Electricity Authority (NEA), who was present in the meeting.

Likewise, an agreement has been reached to begin electricity import via Raxaul-Parwanipur and Kataiya-Kushaha transmission lines from February 25. The import through the 132 KVA transmission lines will bring 50 MW each to industrial estates in Bara in central region and Sunsari in the eastern region, respectively.

India also proposed to Nepal to use the Dhalkebar-Muzaffarpur Transmission Line to export power generated by Arun III (900 MW) until it builds its own transmission line.

However, Nepal rejected the proposal outright, stating that the country needs the line to import power from India.

Sutlej Jal Vidyut Nigam Ltd, an Indian government undertaking, is building the project in Sankhuwasabha district of eastern Nepal.

At the meeting, Nepali officials stressed that SJVNL build its own transmission line as provisioned in the Project Development Agreement (PDA) signed in 2014.

According to sources, delay to acquire forest land for Arun III was also discussed in the meeting. Officials of SJVNL told the meeting that the delay has affected tender process of power house and dam.

The Indian side raised the issue in the meeting as there was a mutual understanding to sort out the issue within two months through a separate joint mechanism to look into management of the projects being implemented by using Indian line of credit.

Likewise, the Detailed Project Report (DPR) of another 400 KVA cross-border transmission line, New Butwal-Gorakhpur Transmission Line, was tabled in the meeting.

But the two sides could not forge consensus on development and financing modality of the project. While India wants to develop the transmission line in the company model similar to the Dhalkebar-Muzaffarpur Transmission Line, Nepal has proposed a separate modality of using both the governments to build transmission line in their respective territories and connect it“

"Joint Technical Committee has been entrusted to work out implementation modality as well as financing modality of New Butwal-Gorakhpur Transmission Line," according to the press release.

The JSC meeting endorsed the decision taken by the Joint Working Group, or joint-secretary level meeting which was held in Kathmandu on Monday, according to the release.

Likewise, both the countries have also agreed to exchange views on 'Guidelines on Cross Border Trade of Electricity' endorsed by India in December last year.

Source: The Kathmandu Post; 16 Feb 2017

Budhigandaki Hydroelectric Project: Residents likely to receive compensation this week

BIBEK SUBEDI

The District Administration Office (DAO), Gorkha is likely to start distributing compensation to residents of three VDCs for their land taken over by the Budhi Gandaki Hydroelectric Project this week.

The first round of payment will be made to 96 households of Ghyalchowk, Bhulmi and Darbung VDCs of the district, as per the DAO Gorkha. The 1,200 MW storage type scheme is being built on the Budhi Gandaki River.

Among the 400 compensation applications forwarded to the DAO Gorkha by the Budhi Gandaki Hydroelectric Project Development Committee, 96 have been verified by the Land Revenue and Survey offices; and both have given the green signal to the DAO to issue payment.

The applicants have opened bank accounts with Rastriya Banijya Bank, and the DAO will deposit the compensation amount in their accounts after they transfer their title deeds to the project.

As of now, around 700 households have submitted applications to the project development committee expressing their readiness to transfer their land to the project in return for compensation. The remaining 500 households are in the process of filling applications, according to the project development committee.

The DAO has received Rs2.5 billion from the Finance Ministry to distribute compensation. "After making payment to the 96 households, we will continue distributing compensation to other households of the three VDCs," said Jitendra Basnet, chief district officer (CDO) of Gorkha district. "It will take around a month and a half for us to distribute Rs2.5 billion to Gorkha locals."

Likewise, the DAO Dhading, another project affected district, has received Rs2.5 billion from the Finance Ministry for compensation distribution. It has also started work to distribute compensation to landowners in Salang, Maidi and Khari VDCs in the district.

Gopal Basnet, executive director of the project development committee, said compensation distribution would have been lot quicker if there was adequate human resources at the Land Revenue and Survey offices to process the documents. "Nevertheless, both DAOs are about ready to start issuing payment," said Basnet. "And, it is a welcome move." According to the project development committee's estimates, the total cost of acquiring around 58,000 ropanis of land in 27 VDCs of Gorkha and Dhading districts will exceed Rs50 billion.

The compensation distribution committees of the two districts have fixed the compensation rate at Rs524,000 to Rs835,000 per ropani.

The land to be acquired by the project has been classified into five categories — paddy field,

small farm land, land in market area, land adjoining a road and land near human settlements. Paddy fields and small farm lands have been further classed into four grades, with the compensation amount for the first grade being the highest.

According to the latest report by the project development committee, more than 8,000 households will be affected by the project.

The reservoir of the storage project will completely submerge 3,560 houses and the occupants will need to be resettled with proper compensation. Likewise, 4,557 households will be partially affected, and they will require appropriate compensation.

Source: The Kathmandu Post; 16 Feb 2017

Hydropower Project: Politicians continue to sell West Seti dream to locals in Farwest

MOHAN SHAHI

Last Saturday, Energy Minister Janardan Sharma arrived in the far western village of Dhungad in a chopper to meet locals who are likely to be affected by proposed West Seti Hydroelectric Project, which is expected to generate at least 600 megawatts of electricity.

Pointing to Seti River, the minister said: "Once we build a reservoir there for the hydroelectric project, ferries will start moving on 25-km stretch of the river."

He then cast his eyes on the hills on the river bank. "A modern city will be built there," the minister said. "You'll have fine houses and your lifestyle will change completely."

People in Dhungad, Lamikhal, still lead a traditional life compared to those residing in district headquarters of Baitadi, Dadeldhura and Doti. "But once the project takes off people from those districts will visit you to learn about development model adopted by Dhungad," Sharma said.

As the minister was telling this to hundreds of locals who had gathered, 57-year-old Karna Bahadur Chand was sceptical about development of the project.

Around 16 years ago, a fierce flood had hit Dhungad. The flood swept away the entire village of Dhungad, including Chand's house.

Two years later, Lokendra Bahadur Chand, who hails from the farwest, was installed as the prime minister. At that time, Karna along with his fellow villagers had visited the premier and asked him to build an embankment to control the river flow.

Former PM Chand, at that time, had said exactly the same thing as Energy Minister Sharma. "Why are you talking about building an embankment? Your village will soon become a grand city like Mumbai," Karna recalled former PM Chand as telling him, referring to the plan to build the West Seti Hydroelectric Project, which will spread across four districts of Doti, Dadeldhura, Baitadi and Bajhang.

Since then the project has not moved an inch, but successive prime ministers and ministers have not stopped selling West Seti dreams to locals of Dhungad.

Tek Bahadur Singh of Talara, Lamikhal, first heard about the project when he was in Grade 3. He has become a principal of a local secondary school and his son and daughter are attending higher secondary school, but the status of the project remains unchanged.

"We are still told that the project will take off soon. But we haven't seen anything concrete to believe what we've been told," Singh said.

Talks about construction of the West Seti Hydroelectric Project have been doing rounds since 1984. But the first tangible result was seen in July 1994 when the government signed an agreement with Australia-based Snowy Mountain Engineering Corporation (SMEC) to develop the project. Based on this agreement, the company was extended a survey licence in September 1994. Then in April 1997, SMEC West Seti Hydroelectric Corporation was registered. But the company did nothing to implement the project at this while, prompting the Cabinet to scrap all agreements with SMEC in July 2011.

The government then handed over the project to a subsidiary of China Three Gorges Corporation in 2012. But that has failed to bring about much change.

The recent signing of a joint venture agreement between the Nepal Electricity Authority (NEA) and China Three Gorges Corporation has raised hopes for construction of one of the largest reservoir type hydro projects in Nepal.

At the time of signing the agreement, both the sides had agreed to finalise and formalise the pact at the earliest. But so far nothing has happened on that front.

“It appears everything is in place now. Yet we keep on wondering what is delaying implementation of the project,” Hari Nepali, a local of Doti, Lamikhal, said.

Source: My Republica; 16 Feb 2017

Call to revisit policies on water, energy cooperation

Though the sixth periodic plan had introduced the idea of exporting electricity back in the 1980s, the possibility of beginning power export in the near future appears slim, experts say.
Rather, power import is increasing at an alarming rate in recent years. Experts say the idea itself is flawed as importing energy from Nepal was neither a priority for India in 1980s, nor now.

“Almost all the policies of the past five decades in water and energy cooperation have failed and they should be revisited,” says Rajendra Dahal, a senior journalist and an advisor to former President Ram Baran Yadav.

“We have not seen any indication that India will buy Nepal's energy. The southern neighbor is only eying on water resources,” he adds.

Dahal's view goes against country's policy documents which envisage narrowing down the bulging trade deficit with India by exporting electricity. Indian leaders and diplomats often say that Nepal can narrow down the widening trade deficit by exporting energy to the southern neighbor.

When talks of building Arun III project was doing rounds in the 1980s, those who were in favor of building the plant had argued that export of even half of the energy generated by Arun III could put the country in a trade surplus situation, Dahal said, speaking at an interaction on 'Rethinking Water and Energy Cooperation' organized jointly by South Asia Watch on, Economics and Environment Trade (SAWTEE) and Institute for Social and Environmental Transition (ISET-Nepal).

“We managed to end load-shedding by increasing energy imports from India,” Dahal said, adding: “Our focus should be on becoming self-sufficient in electricity.”

Stating that the country was facing resource crunch to develop big hydropower projects, Dahal said the country needs to attract foreign investments in hydropower sector.

Similarly, Posh Raj Pandey, chairman of SAWTEE, lamented that the idea of exporting electricity, which was introduced in the sixth periodic plan of 1980s, has not materialized yet. He also urged the government to insert electricity import cost in trade deficit figures.

The current trade deficit figures published by Nepal Rastra Bank exclude the electricity import cost. Nepal's electricity import increased by 28.36 percent to 1,758.41 GWh in the last fiscal year compared to the previous fiscal year.

Former deputy managing director of Nepal Electricity Authority (NEA), Sher Singh Bhat, said that the country has become a lucrative market for Indian electricity.

Senior Journalist Ajay Bhadra Khanal suggested strengthening institutional capacity of organizations like NEA to streamline hydropower generation and distribution. “While developing hydropower projects, the country should also consider environmental issues and river's ecology,” Ramesh Bhusal, Nepal editor of Third Pole journal, said. Gokarna Awasthi, president of Society of Economic Journalist of Nepal, said that the problem with current energy discourse is that too many different groups are lobbying for their own interests which result in diverse, at times, conflicting reporting.