

Source: The Rising Nepal, July 20, 2020

Micro-Hydel Project Construction Comes To A Final Stage

Rukum (East), July 20 : The Chhipkhola micro hydropower project, under construction at Sisne rural municipality-2 in Rukum (east), has come to a final phase of operation.

The 40-KW capacity hydro project is being constructed at the shared investment of the Alternative Energy Promotion Centre (AEPC), Sisne rural municipality and local infrastructure partnership programme.

All the construction related works of the project have been completed. Some machinery equipment are yet to be installed, shared spokesperson of the rural municipality and ward-2 chair Jeevan KC.

The total investment of the project was Rs 16.6 million. It includes Rs 11.4 million of the AEPC, Rs 2.1 million of the rural municipality, Rs 2 million of the partnership programme, Rs 700,000 of the local social fund and Rs 400,000 raised by locals.

The village will go for electrification once the machinery equipment are installed, the ward said.

The project construction agreement was signed on July 2017 and its works had started from May 2018. Lockdown however has caused prolonging of the construction of the project. Around 300 household of Chhipkhola settlement, Thuske and Dading and Kanda of ward-4 will be benefitted from the electricity supply.

Source: Kathmandu Post, July 22, 2020

Electricity going to waste for lack of power lines, auditor general says

The Solu Hydroelectric Project in Solukhumbu district completed a trial run in November last year and is set to operate commercially. But the 23.5 megawatts of energy it churns out is going to waste for lack of a transmission line connecting it to consumers.

When the country was suffering from an acute energy crisis during the years 2010-11, with power cuts of almost 16 hours daily, the government had announced an 'energy emergency' which lasted four and a half years.

At that time, the government had planned to generate 2,500 megawatts. The private sector was tasked to generate electricity through six hydropower projects, named the Super Six, on the Solu River, which together would produce 217 megawatts.

The Nepal Electricity Authority signed power purchase agreements with the Super Six, according to which it would have to pay a penalty to the producers if it failed to feed the power generated by the 82-megawatt Lower Solu and the 18-megawatt Upper Solu projects into the national grid through a new transmission line. Lower Solu is close to beginning to produce energy.

The power purchase agreement has clauses subjecting the state-owned power utility to pay fines amounting to 45 percent of the total losses caused by spillage of power from those projects in the absence of transmission infrastructure.

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

This has raised the possibility that electricity worth billions will go to waste even as Nepal aspires to produce 10,000 megawatts in the next decade, or by 2026.

The auditor general noted this problem in its annual report released last week, saying that private power producers had been incurring losses amounting to more than Rs382 million annually.

The report said that 95.61 gigawatt hours (GWh) of electricity produced by 18 private hydropower private companies had gone to waste due to the inefficiency of the government to improve, renovate and build new transmission lines.

Ironically, the electricity authority has been importing Rs734.7 million worth of power annually from India by paying Rs8 per kilowatt per hour while private producers receive Rs4 per unit on average.

“In total, it has inflicted losses amounting to Rs1.14 billion to the country in the fiscal year 2018-19,” the report said. The audit has also pointed out the failure of the power utility to do adequate homework before signing the contract

The Hetauda-Dhalkebar-Duhabi, Solu, Koshi, Kali Gandaki and Marsyangdi corridors are among the utility-owned transmission line projects that are having difficulty getting tree cutting permits.

There are multiple long-standing problems that were never resolved,” said Ram Sharan Mahat, former finance minister.

According to him, the never-ending cycle of problems begins from the government—the Forest Ministry doesn’t give the clearance to cut trees on time, it takes years for the government to acquire the land, locals obstruct the projects by putting forth demands like hefty compensation packages for their land, and construction companies or contractors delay the projects.

The Koshi Corridor transmission line is a case in point. Five years ago, Dharan Sub-Metropolis and locals obstructed construction work on the Koshi Corridor, which was designed to transmit 1,000 megawatts of electricity, claiming that the planned double-circuit 220 kVA line extending from Inaruwa, Sankhuwasabha and Tehrathum to Taplejung would hurt the potential of paragliding activities from Chundanda in Tehrathum.

“To prevent such problems, the government should complete all preparatory tasks like acquiring the land and cutting the trees before awarding the projects,” Mahat told the Post.

Kulman Ghising, managing director of the power utility, does not fully agree with the auditor’s general report. “Obviously, there are problems. We cannot deny that. But we don’t agree with the auditor general’s report that we are buying electricity from India at an expensive rate,” he added.

He blames the government for lack of support. He said that although the Nepal Electricity Authority was doing its best to complete projects like Solu Corridor, Koshi Corridor and Lamosangu 132 kV transmission line, the federal and local governments were not providing any help.

“In almost all cases, we have to wait for at least four years to get clearance from the Forest Ministry to cut trees. Despite the difficulties, we are working continuously,” said Ghising. Deadlines have also been pushed back due to the Covid-19 pandemic.

Further, power is wasted only during the monsoon season when more power is generated and not in the dry months, but this distinction is not clear in the report, he said.

Shailendra Guragain, president of the Independent Power Producers' Association, said all problems were related to the power grid which has not been upgraded in years. "We are producing energy, and it's gone to waste. Who is responsible for that?" he asked.

The plan was to develop 10,000 megawatts, but licences were distributed for the development of 26,000 megawatts, according to Guragain.

"The government is already worried about having a power surplus with output approaching 1,500 megawatts. What will it do when production reaches 16,000 megawatts?" Guragain told the Post.

Source: My Republica, July 23, 2020

Govt decides to grant full authority to NEA to conduct cross-border power trading

KATHMANDU, July 23: The government has allowed the Nepal Electricity Authority (NEA) to carry out the entire procedure to export electricity with India and Bangladesh.

According to the Ministry of Communications and Information Technology, the cabinet meeting on Monday has given prior approval to delegate the state-owned power utility authority to look after entire procedures to sell and purchase electricity to and from these countries. After the government approval, the NEA is now the focal authority to call for bidding or to conduct day-ahead and/or term-ahead for energy trading.

The day-ahead energy market refers to a financial market where market participants purchase and sell electric energy at the prices fixed a day before for the following day. According to the NEA, it has planned to sell and purchase electricity in 96 blocks, each of the blocks allowing energy trading for as minimum as 15 minutes.

Similarly, the term-ahead energy market provides a range of products allowing participants to buy/sell electricity on a term basis for the specified duration for which the prices are fixed a few days in advance.

Likewise, the NEA has also been given permission to make decisions on short-term, medium-term and long-term trading of energy with the two neighboring countries. With the provision coming into effect, the NEA is responsible to maintain all the details of the transactions at various stages of electricity trading.

The government decision comes at a time Nepal is looking forward to selling the surplus electricity during the flush season. Similarly, the move also allows the NEA to take decisions on its own to purchase electricity during the shortfall in domestic production.

Currently, the country's electricity production stands at 1,300 MW. The energy demand during peak hour reaches to 1,200 MW, while the consumption in the off-peak hour falls to around 900 MW or even below. Similarly, the NEA has started investing in electricity production and the improvement of related infrastructures, including transmission lines and substations.

Likewise, additional 1,300 MW of electricity produced by both the private sectors and the NEA is in the pipeline to be connected in the national grid from the next fiscal year, according to the annual budget 2020/21. In this regard, the NEA has been seeking the government's nod for selling electricity to India and Bangladesh.

Earlier, the Bangladeshi government had announced to buy more than 9,000 megawatts of electricity from Nepal by 2040. A plan to start energy trading with Bangladesh has remained on hold after a failure to hold a tripartite meeting on energy cooperation among Nepal, Bangladesh and India. Although the tripartite meeting was scheduled for last September, it could not take place as Indian side did not respond to the meeting.

As per the initial agreement made by the three countries, the Indian External Affairs Ministry was assigned the responsibility of calling the meeting as soon as possible. But the Indian ministry is yet to coordinate with Nepal and Bangladesh.