

Source: My Republica; 2 June 2017

PPA signed between NEA and Siuri Power Pvt. Ltd

Power purchase agreement has been signed between Nepal Electricity Authority and Siuri Power Pvt Ltd, promoter of Super Nyadi Hydropower Project, on Friday.

Construction of 40.27 MW-hydropower power project, located at Bhulbhule of Lumjung district, has been initiated.

At a programme organised at NEA, Executive Director, Kulman Ghising, and Chief of the hydropower project, Shailendra Guragain, signed the MoU.

As per the agreement, the NEA would pay Rs 8.40 per unit power during summer season while Rs 4.80 during rainy season. It will be increased by three percent every year till eight years after the completion of the project.

Electricity would be generated by channeling water to Kafaldanda from the project area through tunnel. The project has targeted to generate power from 2079 BS.

Guragain said that the electricity produced from the project would be linked to the National Transmission Grid through Tirakuna sub-station. RSS

Source: My Republica; 4 June 2017

NEA, Super Nyadi sign PPA

Nepal Electricity Authority (NEA) has signed Power Purchase Agreement (PPA) with the developer of Super Nyadi Hydropower Project (40.27 MW).

Kulman Ghising, the managing director of NEA, and Shailendra Guragain, one of the promoters of the project, signed the agreement on behalf of their respective institutions on Friday.

Siuri Power Pvt Ltd is developing the project based in Bahundanda VDC of Lamjung district. Guragain, who is also the president of Independent Power Producers' Association Nepal (IPPAN), is a director of Siuri Power Pvt Ltd.

The PPA rate has been fixed at Rs 4.80 for unit for wet months and Rs 8.40 per units for dry months.

The run-of-the-river project has will get the rate of dry months for six months as per the new decision of the NEA taken on April 27. This means NEA will pay the company Rs 8.40 per unit for energy produced between mid-Novembers and mid-May. The price will go up by three percent every year for the first eight years of power generation, according to the PPA.

Water of the Nyadi Khola will be diverted to the power house through a 6.7-kilometer tunnel to generate 235.76 GWh of energy annually, according to the project. The project is expected to start generation from 2079 BS.

According to Guragain, power generated by the project will be connected to NEA's proposed Tarikuna (Khudi) hub.

A consortium of banks led by NMB Bank will finance the project. The estimated cost of the project is Rs 6.75 billion.

Source: Karobar; 4 June 2017

Government signs agreement with CGGC for Budhi Gandaki project

The government has signed the agreement for Budhi Gandaki hydropower project (1200 MW) with the Chinese company China Gezhouba Group Corporation (CGGC).

Energy minister Janardan Sharma and CGGC representative have signed the agreement. Signing ceremony has done in the presence of PM Pushpa Kamal Dahal, Energy Minister Janardan Sharma, and Chinese envoy to Nepal Yu Hong along with other representatives.

During the ceremony PM Dahal expresses his faith upon the timely construction of Budhi Gandaki hydropower project.

The cabinet meeting had approved the proposal of Energy Minister to let the Chinese company to construct 1200 MW Budhi Gandaki Hydropower project.

Source: The Kathmandu Post; 4 June 2017

Myagdi district becoming a hub for hydro projects

GHANSHYAM KHADKA

Myagdi district, which is preparing to generate over 900 MW of electricity through hydro resources, is becoming a major attraction for hydropower project developers.

The district, which built its first hydropower project with installed capacity of just 2MW, is now all set to build 34 small and big hydropower projects. These projects will be built on Myagdi, Rahughat and Kali Gandaki rivers.

Some of these projects are under construction, some are about to begin construction, while others are waiting for survey licences from the Department of Electricity Development (DoED).

The positive attitude of locals in Myagdi towards investment in the hydropower sector has been one of the major attractions for investors. Here, recently elected local representatives, local leaders of political parties, businesspeople and general public have vowed to make the district hydropower investment friendly.

Till date, none of the projects in the district has faced obstruction from locals.

“Majority of the households in our village council are relying on solar power for lighting.

Therefore, we are eager to welcome any investment in the hydropower sector,” said Thamsara Pun, chief of Dhaulagiri Village Council. “Surveys of over a dozen hydropower projects are being conducted in our village council. We urge them to start construction immediately, and we assure our full cooperation.”

According to the DoED, hydropower projects with installed capacity of over 930 MW are being built on basins of Myagdi, Rahughat and Kali Gandaki rivers of the district. Tatopani Small Hydropower Project, the first plant of the district with 2MW installed capacity, has already come into operation.

Out of seven projects under construction, one project has already completed 70 percent of construction works, while another project has completed 15 percent of construction works.

The total installed capacity of these seven hydropower projects is 144 MW.

Similarly, 17 hydropower projects with installed capacity of 555 MW have received survey licences from the DoED, whereas nine hydropower projects with installed capacity of 234 MW have applied for survey licences at the DoED.

Out of six local bodies in the district, Annapurna Village Council is home to a dozen hydropower projects, including Tatopani Small Hydropower Project. Construction site of every project in the village council has access to motorable road.

“Our village council is an ideal destination for investment in the hydropower sector, as locals have extended praiseworthy support to developers,” said Krishna Bahadur Baruwal, chief of Annapurna Village Council. “Even I am a member of the construction support committee of one of the hydropower projects in our village council.”

Similarly, Dhaulagiri Village Council is home to 10 hydropower projects, whereas Rahu Ganga Village Council is seeing construction of five projects.

List of hydro projects in Myagdi district

Project under operation

2 MW Tato Pani Small Hydropower Project

Projects with generation license

40 MW Rahughat, 42 MW Mistri Khola, 20 MW Upper Myagdi, 4 MW Rupse Khola, 25 MW Darbang Khola, 8.3 MW Ghar Khola, 5 MW Ghalemndi

Projects with survey license

48 MW Super Rahughat, 5.6 MW Bagar Khola, 21.3 MW Thulo Khola, 38 MW Nilgiri Khola, 6 MW Rele Khola, 53.5 MW Middle Kaligandaki, 62 MW Nilgiri Khola B, 72 MW Kaligandali Upper, 95 MW Tiplang Kaligandaki, 4.6 MW Dar Khola, 8.2 MW Kunwa Khola, 80 MW Upper Myagdi, 57.3 MW Myagdi Khola, 0.999 KW Aul Khola, 0.99 KW Ritung Khola, 0.997 KW Don Khola, 0.998 KW Marang Khola

Projects that have applied for survey license

3.4 MW Simkosh Khola, 8.6 MW Middle Hongu Khola, 17.5 MW Madhya Hongu Khola, 21.5 MW Mudi Khola, 4.6 MW Myagdi Khola B, 3 MW Super Dar Khola, 9.9 MW Super Ghalemndi, 161 MW Kaligandaki Gorge, 4.9 MW Super Thulo Khola.

Source: The Kathmandu Post; 4 June 2017

Govt signs MoU with CGGC to develop Budhigandaki project

The government has signed a memorandum of understanding (MoU) with China Gezhouba Water & Power (Group) Co Ltd (CGGC) today to develop the 1,200-megawatt Budhigandaki Hydropower Project. Following the decision of the Cabinet on May 23 to develop the project on engineering, procurement, construction and finance (EPCF) model, the MoU was signed between Energy Minister Janardan Sharma and Lv Zexiang, president of CGGC Beijing, at the Prime Minister's residence today. Prime Minister Puspa Kamal Dahal and Ambassador of China to Nepal Yu Hong were also present in the MoU signing ceremony.

Citing that energy is a critical need of the country for overall development, Prime Minister Dahal expressed hope that CGGC will be able to develop the project within the desired timeframe. The government will repay the loan of the company by selling electricity after the project starts commissioning electricity as the developer has to develop the project under EPCF model.

The last Cabinet meeting of Prime Minister Dahal before his resignation had selected CGGC to develop the Budhigandaki project. The government has already started distributing money for land compensation to the project affected people.

Source: The Kathmandu Post; 3 June 2017

Upper Marshyangdi 'A' hydel releases 150,000 fingerlings

improving aquatic habitat

AASH GURUNG

The Upper Marshyangdi 'A' Hydropower Project has released 150,000 fingerlings in the Marshyangdi and Nyadi rivers in Lamjung district, with the aim of protecting the water and to improve the fishery ecological environment. The 50 megawatt Upper Marshyangdi had resumed power generation six months ago after remaining shut for a month to undergo maintenance.

According to the project, the move to release fingerlings is part of their efforts to improve aquatic habitat.

Karna Adhikari, public relations officer of the project, said they released the fingerlings at the dam site of the project. According to him, species like Asala, Rahu, Sahar and Mohari were released in the rivers. The project purchased the fingerlings in Chitwan.

“We tested the water temperature to confirm that the fingerlings can survive there,” Adhikari said. “The fingerlings will grow in two years and will start reproduction.”

The area where the project released the fingerlings does not have a fish ladder, also known as a fishway.

Adhikari said it would prevent the fingerlings from moving to new destinations. “We have released the fingerlings as a pilot and have plans to increase the number in the future.”

Construction of hydropower project creates a threat to water animals in the affected area, resulting in an adverse effect on the water ecosystem.

“The initiative can protect the water species even in the project constructed areas,” Adhikari said.

Jeet Bahadur Gurung, chairman of the hydropower project stakeholders and coordination committee, said the initiative was taken to minimise environmental damage due to the project construction.

Source: The Himalayan Times; 7 June 2017

Construction of 40 MW Nyadi hydro project to begin

The construction of the 40.26 MW Super Nyadi Hydro Project at the Nyadi River of Bahundanda in Lamjung is going to begin, soon. The construction of the project was confirmed after the promoter Siuri Nyadi Pvt. Ltd. and Nepal Electricity Authority signed a power purchase agreement.

As per the PPA, the NEA will purchase a unit power for Rs 4.80 during monsoon and for Rs 8.40 during dry season. The promoter company has already completed a 5-MW hydro project in the past. The company's chief executive officer Shailendra Guragain said they would attain financial closure within two months and proceed with construction after four months.

A 30-metre long and 3-metre tall embankment will be constructed at Bahundanda. Then, the water will be channeled to the power house at Talkuna using pen-stock pipes from a surge tank to be built at Kaphaldanda of Bahundanda. Two turbines with 22 MW capacity each will be used at the power house. The project is estimated to be completed in five years. The total budget for the project is estimated at Rs 6.76 billion. Upon completion, the project will generate 235.76 GW electricity per year.

Source: The Himalayan Times; 8 June 2017

Investment of BFIs in hydel projects jumps

Some two dozen projects with total rated capacity of around 500 megawatts have achieved financial closure since the Nepal Electricity Authority (NEA) implemented 'take-or-pay' provision in the power purchase pacts. While the 'take-or-pay' provision came into effect some four months back, it was retrospective for all power purchase agreements (PPAs) signed since the endorsement of vision document from Cabinet on February 18, 2016. The Cabinet-endorsed long-term plan of the Ministry of Energy titled 'National Energy Crisis Prevention and Electricity Development Decade, 2016' has allowed NEA to implement 'take-or-pay' provision while signing PPA with power producers.

"Almost all the projects that had signed grid connection agreement with NEA since February 18, 2016 have achieved financial closure as banks readily started financing hydel projects along with the power utility bringing the 'take-or-pay' provision into effect," said Shailendra Guragain, president of Independent Power Producers' Association-Nepal (IPPAN).

Banks have been encouraged to finance hydro projects as 'take-or-pay' provision has ensured returns. Bhuvan Kumar Dahal, CEO of Sanima Bank, said that the investment of BFIs in hydropower projects has gone up in the recent times after NEA implemented 'take-or-pay' provision in PPA.

Investment of BFIs in the hydropower sector had remained more or less stagnant in the last two years as NEA — the sole power off-taker of the country — had introduced power purchase agreement in dispatchable (take-and-pay) basis. The NEA board of directors' meeting in August 2014 had decided to implement 'take-and-pay' in PPA for projects that were scheduled to be completed after 2017 citing there will be surplus energy with the country's only power utility.

Under the 'take-and-pay' provision, the power off-taker is bound to pay only for the electricity used by NEA. However, in 'take-or-pay' provision, NEA has to pay the power developer for the quantum of electricity mentioned in the PPA whether it is able to sell the electricity or not.

According to Nepal Rastra Bank (NRB), the total investment of BFIs in hydropower stood at Rs 53.75 billion as of mid-April this year as compared to Rs 38.15 billion in the corresponding period of previous year. The investment amount between mid-April 2016 and mid-April 2017 has almost doubled when compared to the same period of the past year.

As per IPPAN, the independent power producers (IPPs) are in the process of construction various projects with total installed capacity of around 3,000 megawatts. Guragain of IPPAN commented that the power utility's decision to enforce 'take-and-pay' provision in between August 2014 and February 2016 was a major setback for the private sector investment in hydropower development.

IPPAN has said that, however, there still exists differential treatment between foreign and domestic investors. While NEA has ensured to pay for the cent per cent electricity generated by foreign investment projects, it has provisioned to pay for 90 per cent of the electricity generated by the domestic investment projects. This means that domestic investors have to bear the risk of 10 per cent of the electricity they generate.

Guragain also alleged that tax incentive is also low for the domestic investment project as compared to foreign investment projects.

Earlier NEA officials had explained the special provisions for foreign investors were aimed at attracting more foreign investment in the hydro sector. They could not be reached for comment today.

Source: The Himalayan Times; 9 June 2017

IPPAN seeks continuity in 99-point programme

As the new government is going to appoint a new energy minister very soon, the Independent Power Producers' Association-Nepal (IPPAN) has sought continuity in the 99-point programme named 'National Energy Crisis Mitigation and Electricity Development Decade', which was unveiled last year. "Rather than bringing new strategic plans or vision documents, the new government should give continuity to implementation of the 99-point programme," said Shailendra Guragain, president of IPPAN. "Some of the programmes mentioned in the vision document have already come into implementation, but there are various procedural and policy-related issues that need to be addressed still."

Since 2001, the Ministry of Energy (MoE) has issued five strategic documents. This translates to one strategic document in a gap of every three years, on an average. In 2001, the MoE adopted 'Water Resource Strategy', which was revised in 2005 into 'National Water Plan'. In 2007, a plan calling for construction of 10,000 MW in 10 years was adopted, which was then altered in 2009 to become a plan for 25,000 MW in 10 years. In the wake of trade disruptions that acutely affected the import of petroleum products, the government came up with another revamped plan, which was named 'National Energy Crisis Mitigation and Electricity Development Decade' last year, which was unveiled after holding intensive consultation with stakeholders and experts.

Stating IPPAN has also taken an ownership of the latest vision document, which aims to develop 10,000 megawatts of electricity by 2026, Khadga Bahadur Bisht, the past president of IPPAN, said that the country's energy sector has started witnessing tangible changes after the previous government started implementing the 99-point programme.

IPPAN is apprehensive about the inconsistencies in energy-related policies, which may stall the growth of energy sector. Independent power producers are going to implement projects with total rated capacity of around 3,000 megawatts, which have already concluded financial closure and construction of some of the projects is underway.

Source: The Himalayan Times; 9 June 2017

Former PM asks govt to scrap Budhigandaki deal

Former prime minister and Coordinator of Naya Shakti Party Baburam Bhattarai has alleged that the previous Pushpa Kamal Dahal-led government violated the prevailing laws and processes while awarding the contract of Budhigandaki Hydroelectric Project to Chinese company — China Gezhouba Group Corporation (CGGC) through the last Cabinet meeting and signed the memorandum of understanding (MoU) as the care-taker government at the very last moment. He has also urged the government to scrap the contract with Chinese company and develop the project utilising its own resources.

The Dahal-led government's decision on Budhigandaki will be major setback for the of the 1,200-megawatt reservoir project as it has brought to the fore the uncertainty of project development and chances of cost variation, as per Bhattarai.

Bhattari, when he was the prime minister in 2011, had initiated to develop Budhigandaki as national pride project. For this, he had also set up a special purpose vehicle — that is, a development committee — to execute the project.

The Budhigandaki Hydroelectric Project Development Committee (BGHEP) has already carried out detailed design of the project through Tractebel Engineering (France), which has estimated it would cost around Rs 260 billion to build the project. The BGHEP has also already prepared the tender document to award the construction contract.

“We planned to develop this project as a national pride project considering that it is strategically located near major load centres — Kathmandu, Chitwan, Pokhara — and its potential to be developed as an economic hub,” said the former prime minister. “For a country that is developing the 456-megawatt Upper Tamakoshi Hydroelectric Project on its own, Nepal also has the capacity to develop the Budhigandaki Project with its own resources, whereby Nepalis could feel a sense of ownership.”

However, the previous government has handpicked the CGGC to develop the project under engineering, procurement, construction and financing (EPCF) model. Since Nepal is yet to formulate the policies or guidelines related to EPCF contract, the government's decision has put the fate of the mega project in limbo, Bhattarai claimed.

Bhattarai was also apprehensive about the CGGC's capacity to implement such a large-scale project, considering that it has taken over a decade to complete the 30-megawatt Chameliya Project. CGGC was blacklisted in Sanjen Hydropower Project. Chilime Hydropower Project had terminated the construction contract and seized the collateral from CGGC.

Another project, the 60-megawatt Trishuli 3A being developed by the same contractor was initially supposed to be completed by June 30, 2011. The deadline has already been extended thrice — first to April 30, 2013, then by 26 months to June 30, 2016 and then again for another 34 months since the last deadline.

“The company has a very bad reputation in the country, and yet the earlier government awarded the EPCF contract of Budhigandaki to CGGC, which must be scrapped as soon as possible,” Bhattarai said, adding, “The project should be built utilising Nepal's own resources, labour and skills and the rehabilitation works should also be carried out immediately along with distribution of land compensation.”