

Source: The Kathmandu Post; 1 July 2017

## **ADB okays \$150m loan to upgrade power supply**

The Asian Development Bank (ADB) has approved a \$150 million loan to help improve the reliability and efficiency of Nepal's electricity supply and distribution through the Nepal Electricity Authority (NEA).

The ADB will also administer a \$2 million technical assistance grant from the Japan Fund for Poverty Reduction (JFPR) financed by the government of Japan to strengthen the capacity of Nepal's energy sector to deliver Gender Equality and Social Inclusion (GESI) results.

"Reliable and sustainable electricity distribution and service is an important aspect to Nepal's growth and development, as well as in the improvement of the quality of life of all its people," said Jiwan Acharya, an ADB senior energy specialist.

"We are confident that the project will help improve electricity distribution and efficiency in the country, and significantly support the government's goal of ending the country's energy crisis within the next two years and achieving Sustainable Development Goal 7 (Sustainable Energy for All)."

Electricity supply is expected to increase rapidly during the next several years with various hydropower projects nearing completion and imports from India over cross-border lines.

Therefore, existing transmission and distribution systems need to be immediately rehabilitated and upgraded for the network to be able to deliver additional power supply to consumers.

The project will enhance the distribution capacity and improve the reliability and quality of the Kathmandu Valley's electricity supply by reducing distribution system overloads and technical and commercial losses.

This will be done by strengthening the transmission grid capacity, increasing the capacity and rehabilitating the distribution network in the project area, besides enhancing operational and financial performance of NEA distribution centres.

The project will also develop the NEA's capacity to operate and manage an advanced distribution system and intelligent network (smart grid) technology with GESI aspects in electricity access and end-user awareness programmes.

The NEA is the main government agency responsible for electricity generation, transmission and distribution in Nepal.

The Kathmandu Valley, the main project area, accounts for about 400,000 electricity end-users or about 16 percent of the NEA's total consumers in Nepal.

The ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth and regional integration.

Established in 1966, the ADB is celebrating 50 years of development partnership in the region. It is owned by 67 members, 48 from the region. In 2016, ADB assistance totaled \$31.7 billion, including \$14 billion in co-financing.

Source: The Kathmandu Post; 2 July 2017

## **Budhigandaki hydel project on track to extend Rs5b to locals**

Budhigandaki Hydroelectric Project is on track to complete the distribution of compensation totalling Rs 5 billion for the acquisition of private land from project affected locals of Dhading and Gorkha within this fiscal year.

District Administration Offices (DAOs) of Dhading and Gorkha are preparing to complete the distribution of Rs 2.5 billion each as compensation to landowners who will relinquish land for the development of 1200 MW hydropower project within a couple weeks.

The compensation distribution process resumed last week. The process had stalled earlier, after the government scrapped the development committee formed to build the project.

The compensation distribution resumed after the Energy Ministry formed a compensation distribution unit giving it the authority to expedite the process.

“We distributed Rs 430 million to the landowners of Salang, Maidi and Khari of Dhading on Friday and we will be ready to distribute an additional Rs 830 million in a couple of days,” said Krishna Karki, coordinator of the unit. “With that, the total distribution will reach Rs 1.3 billion and we will finish distributing the remaining Rs 1.2 billion within this fiscal year.”

The DAO Dhading in January had received Rs 2.5 billion from the Finance Ministry for distribution of compensation. But the fund distribution process was delayed due to lack of human resources at Land Revenue and Survey offices.

Similarly, the DAO of Gorkha, another project-affected district will also complete distributing compensation within this fiscal year. Like Dhading, Gorkha also received Rs 2.5 billion from the Finance Ministry in January to compensate land owners. “The DAO Gorkha will complete distributing Rs 2 billion in a week,” said Karki. “Likewise, the distribution of remaining Rs 500 million will be completed within a couple of weeks before the current fiscal year ends.”

The compensation distribution committees of the two districts have fixed the compensation rate at Rs 524,000 to Rs 835,000 for every ropani of land.

The land to be acquired by the project have been classified into five categories-paddy field, small farmland, land in market area, land adjoining a road and land near human settlements.

Paddy fields and small farmlands have been further classified into four grades, with the first grade commanding the highest compensation amount. On top of the compensation fixed by the committee, it is offering 15 percent extra to those who own less than 5 ropanis of land, and 10 percent extra to those who own less than 10 ropanis of land.

The latest report puts the number of the affected households at more than 8,000. The reservoir of the storage project will submerge 3,560 houses and the occupants will need to be resettled with proper compensation.

Likewise, 4,557 households will be partially affected by the project and need appropriate compensation.

Source: The Kathmandu Post; 3 July 2017

## **NEA to sign PPA with 22 projects for solar energy**

*BIBEK SUBEDI*

Nepal Electricity Authority, the state owned power utility is gearing up to sign power purchase agreement (PPA) with 22 projects for generation of 61 MW of solar energy. Currently, the NEA board is reviewing the PPA template to be signed with various developers to install solar plants at 22 different locations. Once the board approves the PPA template, the power trading department of the NEA will sign PPA with the developers to purchase the solar electricity produced at their plants for 25 years.

The NEA in a bid to diversify its energy mix had published a request for the proposal in June 2016, seeking bids from interested parties to install solar plants and supply electricity to the power utility at a base price of Rs 9.61 per unit.

The NEA selected more than half a dozen companies bidding for the installation of such plants. “We have selected parties that have quoted prices ranging from Rs 8.45 to Rs 9.61 per unit of electricity at different locations,” said Prabal Adhikari, chief of power trading department of the NEA. “Since the template of PPA is ready and the developers have already quoted their price, the PPA will be signed immediately after the board approves it.” Upon signing PPA with NEA, the developer will install solar plant of installed capacity ranging from 0.5 MW to 8.5 MW at 22 different locations in the country.

The largest solar power plant will be built at Butwal with an installed capacity of 8.5 MW whereas the smallest plant will be placed at Kawasoti with an installed capacity of 0.5 MW. The developers will have to complete installation of the power plant within 18 months after the signing of PPA with the power utility. “Although we have given a maximum time frame of 18 months to the developer to complete the installation and start supplying electricity, it will not take that long,” said Adhikari. “Majority of the projects will be commissioned as early as 10 months.” The electricity generated from the solar plants will be connected to the national grid via nearby substations of the NEA. According to the NEA, the developer will be responsible in evacuating the power to the nearest substation.

The power utility came out with the plan to purchase electricity generated from solar plants, in a bid to diversify its energy portfolio.

The NEA’s diversification plan is in line with the government’s policy to promote renewable energy other than hydroelectricity. The government has asked the power utility to promote other renewable energy sources like solar and wind to 10 percent of total installed capacity in the country.

Source: The Kathmandu Post; 4 July 2017

## **Chameliya likely to come online ahead of schedule**

The contractor recently completed the construction of a 47-metre-long rock trap in the tunnel. Long-delayed Chameliya Hydropower Project is likely to start generating electricity two months ahead of the deadline set by the government. China Gezhouba Group Corporation (CGGC), the civil contractor for the plant, has agreed to advance the completion deadline by one month. This means the 30 MW project will be completed a month before its August deadline.

Korea Hydro and Nuclear Power Company, the contractor for the electro-mechanical and hydro-mechanical works, has agreed to advance the completion deadline by a month, and if the civil contractor also finishes its task one month early, the project will go online in October, two months before its December deadline.

According to the Nepal Electricity Authority (NEA), the owner of the project, the Chinese contractor is working on a war footing and is already 15 days ahead of schedule.

“The contractor recently completed the construction of a 47-metre-long rock trap in the tunnel,” said Ajay Kumar Dahal, project chief of Chameliya. “As per the schedule, the construction was supposed to be completed in mid-July.” A rock trap is a pit built in the tunnel to capture sediment, pebbles and stones and prevent them from entering the turbines and damaging them. Likewise, workers have plugged one of the three audit tunnels that were made while digging the 4-km main tunnel. Currently, the contractor is preparing to plug the second audit tunnel and build a gate at the third. Considering the pace at which the Chinese contractor has been working, it is highly likely that they will be able to advance the completion date by 15 more days, Dahal added.

Similarly, the Korean contractor for the project has speeded up construction work and has completed a successful dry test of the electromechanical equipment of the first unit, and is conducting a dry test of the second unit.

Once the project’s civil works are completed, the Korean company will start conducting a wet test of the plant and machinery. The Korean contractor has said that it will complete the test and have the project ready to generate electricity within two months after the plant is handed over to it after finishing the civil works.

Work at the construction site had been halted since May 2014 after the government refused to make an additional payment of Rs1.09 billion which the civil contractor had sought citing cost variance resulting from the squeezing of the tunnel. The contractor agreed to resume work after being summoned to the Energy Ministry and told to do so immediately by the then minister Janardan Sharma.

The NEA also agreed to release a provisional payment of the disputed bill before the issue was resolved in order to maintain a regular cash flow for the project. Once the dispute is settled, the contractor has to return the excess if it has been paid too much, and it will receive additional payment in case of a deficit.

Source: The Kathmandu Post; 4 July 2017

## **PM to push for dev of two key hydro projects**

*DR PANTA*

Prime Minister Sher Bahadur Deuba has expressed commitment to expedite implementation of West Seti Hydroelectric Project and Pancheshwar Multipurpose Project to develop the economy of the far western region of the country.

His call comes at a time when developers of both the mega projects are dragging their feet to roll out the projects, which have the potential to transform energy-deficit country into net exporter of electricity.

West Seti hydroelectric project is a 750MW project being built by China Three Gorges Corporation at a cost of \$1.6 billion. The project will spread over Baitadi, Bajhang, Dadeldhura and Doti districts. Pancheshwar Multipurpose Project, which has an installed capacity of 4,800 MW, on the other hand, is being built on the Mahakali River in far-western part of the country by the governments of Nepal and India. The project, along with Rupaligad project, has the potential to generate around 12 billion units of electricity per year and irrigate over 1.5 million hectares of agricultural land in Nepal and India. Both of these projects are being implemented at a very slow pace.

“The far western region has abundance of water resources. If this is used properly, it will not only change the fate of people living here but the entire country,” PM Deuba told a workshop organised to prepare a guideline for socio-economic development of Province No. 7 in Dhangadi on Monday. “We will introduce a special programme to make maximum use of water and other natural resources available in the far western region. This will help generate job opportunities in the region.”

Far western region is not only rich in natural resources but has ample tourist spots, which if exploited could generate ample employment opportunities, as tourism is a labour-intensive sector.

“This would discourage more and more people from going abroad for employment purpose,” PM Deuba said. Over the years, over 500,000 people, mostly youths, have been leaving the country per year seeking employment opportunities.

“How can the country develop when most of our skilled and semi-skilled workers are working abroad?” Deuba questioned.

“We need political will to develop the country and generate employment opportunities here. But to achieve these targets we also need support from cross section of the society.”

Although the government has been allocating sizeable chunk of budget every year to execute development works in the far western region, these resources are not utilised properly, which is pouring cold water on people’s aspiration for rapid economic growth.

“This practice of under utilising available funds should end,” PM Deuba said, adding, “However, it would also be an exaggeration to say development works have not picked up in the far western region, as road networks are being expanded to link various villages. These roads will ultimately raise people’s access to markets.”

Yet he acknowledged works are not moving ahead at a desired pace. “Against this backdrop, it is necessary to revise programmes designed for socio-economic development of the region,” PM Deuba told the workshop.

The workshop was also attended by former minister Lekhraj Bhatta, Prabhu Budathoki, chairman of the Far Western Development Council, and Energy Secretary Anup Kumar Upadhyaya. The workshop will continue for two days.



Source: The Himalayan Times; 5 July 2017

## **AWRC starts discussion on decision to award Budhigandaki to Chinese firm**

The Agriculture and Water Resources Committee (AWRC) of parliament has started discussion on the government's controversial decision to award Budhigandaki Hydropower Project (1200 MW) to a Chinese company. After nearly a month since the former government took the decision at the eleventh hour, members of the committee on Sunday questioned why the decision to award the project to China Gezhouba Group Corporation was taken, going against the committee's past direction to build the project by utilizing domestic resources.

Lawmakers also accused the government of handing over the national pride project to the Chinese firm without any competition and breaching the country's public procurement laws.

The project, located near the capital city, is said to be of strategic importance and a key to addressing country's power crisis. It is estimated to cost Rs 259 billion, including land acquisition cost.

The then Minister of Energy Janardan Sharma had signed the agreement to award the project with representative of CGGC at the Prime Minister's Residence in Baluwatar on June 4 - the last day in office. Lawmaker Kashi Nath Adhikari said that the government has undermined the parliamentary committee by breaching its direction. "The committee should not remain mute spectator on this issue," Adhikari said, urging the committee to scrap the agreement immediately.

Earlier, after holding multiple discussions with Employees Provident Fund (EPF), Citizen's Investment Trust (CIT) and Nepal Telecom (NT) as well as the project's officials and experts, the house panel had concluded that the mega project could be developed by utilizing domestic resources.

Speaking at the meeting, Energy Secretary Anup Kumar Upadhyaya defended the decision to award the project to China Gezhouba, saying that the government cannot allocate needful budget to the mega project as the energy sector gets only around Rs 50 billion annually. "The World Bank Group and the Asian Development Bank were uninterested to invest in the project. Also, it was impossible to net new line of credit from India and China until the already existing lines of credit are spent," he added.

But Upadhyaya's statement contradicts with the commitments made by the officials of EPF, CIT and others to the then energy minister Sharma in August. They had told Sharma that they could immediately invest Rs 83 billion from their reserve fund and could allocate Rs 54 billion annually.

Adhikari also questioned the validity of the decision, stating that Sharma signed the agreement without getting it endorsed by the cabinet.

Lawmaker Amrit Bohora said that the committee was curious to know why Sharma awarded the project after leaving the office of the energy ministry. "The project's fate is also uncertain as the Chinese company has a poor performance record with at least two of its projects making no or slow progress," Bohora added.

Mohan Prasad Baral, chairperson of the committee, said that the committee started discussion after nearly a month since the decision was taken because of the local-level election. "We will discuss the issue with experts as well as the representatives of EPF, CIT and other banks and financial institutions and take final decision on the issue," he said. "We are worried that the government's decision has thrown the mega project into uncertainty."

He also said that the committee will come to a conclusion within few days.

Source: The Himalayan Times; 5 July 2017

## **Indian regulations a jolt for would-be electricity exporters from Nepal**

Electricity export to the Indian market will be difficult, as the southern neighbour has introduced stringent regulation on cross-border electricity trade. The regulation issued by Central Electricity Regulatory Commission for Nepal, Bangladesh, Bhutan and Myanmar seeks INR 10 million per megawatt as bank guarantee to utilise India's transmission network and only those hydropower projects with capacity to generate 50 megawatts and above will be granted grid connectivity to export electricity to the Indian market.

The regulation was introduced based on the 'Guidelines on Cross Border Trade of Electricity' issued by India's Ministry of Power in December that provides preferential treatment to projects with Indian investment and those with government investment of the concerned countries.

As per the regulation, companies fully owned by the governments of the concerned countries and those having 51 per cent equity investment of Indian public and private companies can export power to the Indian market after obtaining one-time approval from the designated authority in India. However, power generators who do not fulfil the above mentioned criteria but want to participate in cross-border trade of electricity shall be eligible to obtain approval only on a case-by-case basis.

Nepali power developers say it will be difficult to export electricity to India, as the regulation introduces strict rules for private sector projects. After signing the power trade agreement with India in 2014, Nepali hydel developers were eyeing the power-hungry northern part of India to export electricity. The Ministry of Energy says it has already put forward its reservations to its counterpart ministry in India since the guidelines are against the spirit of the PTA. Nepal has been seeking easy access to export power to India and regional markets via India.

"As the Indian government has issued a uniform regulation for Nepal, Bangladesh, Bhutan and Myanmar, all the neighbouring countries should lobby together for easy access to the market of the South Asian giant," said Shailendra Guragain, president of Independent Power Producers' Association–Nepal.

Nepal drew the attention of the government of India towards the guidelines, which hinder private developers to easily export power to India, during the energy secretary-level talks held in the second week of February. Though Nepal imports electricity from India to cope with rampant power outage, the government does have plans to export electricity to the southern neighbour and cross-border inter-connections are being developed to enhance power trade.

Source: The Himalayan Times; 6 July 2017

### **315 more Budhigandaki project affected families identified**

Three hundred and fifteen more Budhigandaki Hydropower Project –affected people have been identified in Gorkha district.

They were identified in course of distributing compensation to hydropower project affected locals of different places in the district.

Coordinator of Compensation Distribution Committee and Chief District Officer, Jitendra Basnet, said that compensation amount has already been distributed to 583 affected people and 315 families have now been added.

Basnet said, "The Committee has decided to send Rs 850 million to the bank account of 315 affected people at Rastriya Banijya Bank." A total of Rs 2.4 billion compensation amount has been provided to the Budhigandaki affected families so far.

The compensation amount was distributed to the affected families of Ghyalchowk, Bhumlichowk and Farbung VDCs of Gorkha. Similarly, locals of Aarughat bazaar in Gorkha and Khahare bazaar in Dhading have been demanding to determine compensation and its distribution. RSS

Source: The Himalayan Times; 6 July 2017

## **Acquiring forest a stumbling block for Upper Karnali**

*Rudra Pangei*

Acquiring a piece of forest land of 273 hectares at the project site has become a stumbling block for the 900 MW Upper Karnali Hydropower Project.

Providing the forest land to the project is an obligation of the Government of Nepal as per the Project Development Agreement (PDA) signed in 2014.

But GMR Upper Karnali Hydropower Limited, the company developing the project, and Investment Board Nepal (IBN) officials say the delay in acquiring the forest land has affected their efforts to achieve the milestones required by prospective financing institutions like The World Bank, Asian Development Bank and others.

Speaking at a workshop on "Opportunities for industries in Nepal in construction of Upper Karnali Project", Chief Operating Officer of GMR Energy Hervinder Manocha openly blamed the government of Nepal for deviating from the PDA provisions.

"There are certain provisions in the PDA but one ministry has decided to deviate from those provisions," said Manocha, hinting that the Ministry of Forest and Soil Conservation (MoFSC) was behind the delay in acquiring the forest land.

"Asian Development Bank, The World Bank and others have shown interest in financing our project which has to achieve several milestones including land acquisition before it can make investment-seeking proposals to different financial institutions," added Manocha. The project with an estimated cost of US \$ 1.5 billion requires external financing of over US \$ 1 billion, according to GMR. The company has to complete financial closure by mid-September as per the extended deadline.

MoFSC endorsed a Guideline for Using Forest Area for National Pride Project 2017 in April but the guideline has not addressed the problems encountered by the Upper Karnali project.

Instead, the guideline is in contrast with the PDA document. It (guideline) has not owned the government's obligation to provide government land to the project, according to IBN officials.

According to Clause 8 of the guideline, the project developer has to try to purchase private land first in the same ecology to compensate for the forest land acquired. But the guideline is not clear on fixing the compensation amount, say IBN officials.

"I have taken the guideline positively as it has clarified several ambiguities but things will depend mainly on how it will be executed," said Maha Prasad Adhikari, IBN's CEO. Adhikari expects to enter into a memorandum of understanding immediately to start the process of acquiring the forest land but he said that the implementation of the guideline is yet to start.

Paying compensation for the private land has started but the project has not yet signed the Power Purchase Agreement (PPA), a must for signing the financial closure. "We have signed a memorandum of understanding with Bangladesh to sell about 500 MW and another 300 MW will be sold to Hariyana," said Manocha, adding that a team from Bangladesh will visit the project site soon.

But Manocha complained that the political leaderships in New Delhi and Kathmandu have not taken "the complex task of gathering finance for a project of this scale" seriously.

Manocha stressed mutual cooperation for project implementation. "There is a need for bilateral push for making this project happen," added Manocha.

The company said it has for the first time opened its project details to its vendors including Indian companies.

Over 17 representatives of Engineering, Procurement and Construction contractors from India and foreign countries participated in the program while Nepali manufacturers of cement and steel, bankers, chartered accountants and engineers also took part in the workshop.

Manocha said, "We have planned to call for the EPC tender by the next month and hope to start works within six to seven months."

Nepali cement producers and steel manufacturers assured that they can produce the cement and steel of ISI standard required for the construction of the project also.

GMR said it needs 400,000 tons of cement and 47,000 tons of steel for the mega project being built in Achham, Surkhet and Dailekh. An estimated 5,000 persons will get employment in the project during the construction which is expected to take about five years.

Source: The Himalayan Times; 6 July 2017

### **315 more Budhigandaki project affected families identified**

Three hundred and fifteen more Budhigandaki Hydropower Project –affected people have been identified in Gorkha district.

They were identified in course of distributing compensation to hydropower project affected locals of different places in the district. Coordinator of Compensation Distribution Committee and Chief District Officer, Jitendra Basnet, said that compensation amount has already been distributed to 583 affected people and 315 families have now been added.

Basnet said, “The Committee has decided to send Rs 850 million to the bank account of 315 affected people at Rastriya Banijya Bank.”

A total of Rs 2.4 billion compensation amount has been provided to the Budhigandaki affected families so far.

The compensation amount was distributed to the affected families of Ghyalchowk, Bhumlichowk and Farbung VDCs of Gorkha.

Meanwhile, locals of Aarughat bazaar in Gorkha and Khahare bazaar in Dhading have been demanding to determine compensation and its distribution.

Source: The Himalayan Times; 6 July 2017

## **GMR to sell Upper Karnali's energy to BPDB and HPGC**

GMR Upper Karnali Hydropower Ltd, a subsidiary of GMR Energy India, is close to achieving financial closure as GMR Energy is going to sign grid connection agreement with Bangladesh Power Development Board (BPDB) and Haryana Power Generation Corporation Ltd (HPGC) to sell at least 300 megawatts to each. "We have already signed the memorandums of understanding (MoUs) with them," said Harvinder Manocha, chief operating officer, Hydro Business of GMR Energy. "After BPDB and HPGC sign power purchase agreement with us, we will be able to obtain loans for financial closure."

The MoU with BPDB was signed during the visit of Bangladeshi Prime Minister Sheikh Hasina to India in April this year.

Manocha said that some international lenders have shown interest to provide loan for GMR's Upper Karnali project as the developer is gearing up to sign PPA for 600 megawatts of the energy out of installed capacity of 900 megawatts. Developer has to achieve financial closure within the deadline of September 18, 2017 given by the Investment Board Nepal.

"Everything is moving ahead smoothly. We want to develop Upper Karnali as a regional project, and it will be a model project for foreign investors willing to come to Nepal," he said.

When the project development agreement (PDA) was signed in September 2014, the cost of the 900-megawatt project was expected to hover around \$1.03 billion. However, developer believes that cost could escalate to \$1.5 billion.

GMR has also shortlisted the bidders for civil and electromechanical works and bidders will be finalised soon. Once the project begins construction, around 5,000 people are expected to get employment opportunity and the country will receive 27 per cent free equity and 12 per cent free energy from Upper Karnali project.

Apart from that, Nepali suppliers of construction materials will also stand to benefit, as per the developer. The developer has been given seven years to conclude the construction and the project must be handed over to the Nepal government after 25 years from the date of power commissioning, as agreed in the PDA.

Despite all these positive developments, the project is facing a major roadblock from the Ministry of Forest and Soil Conservation as it recently introduced a new guideline titled 'Utilisation of Forest Area by National Priority Projects', which requires 'land to land' compensation for the utilisation of land in the forest area.

Earlier, the ministry was willing to provide 5,000 *ropanis* of government land for nominal lease fees and sought compensation for land area where permanent structures like dam, power house would be built. Developer is going to purchase 1,000 *ropanis* of private land in Dailekh and Achham districts.

On the other hand, as per the new forest rules, the developer needs to plant 25 saplings in another area of similar topography for chopping every tree for the project and nurture the saplings for five years.

The developer has complained about the recent stringent forest rules of the government. Private sector developers have also been urging the government to respect the PDA as a bilateral document and ensure policy stability for the development of the power sector.

Source: The Kathmandu Post; 6 July 2017

## **GMR, B'desh to sign deal to evacuate power**

*BIBEK SUBEDI*

GMR Upper Karnali Hydropower, the developer of the 900 MW Upper Karnali Hydroelectric Project, is preparing to sign a power purchase agreement (PPA) with the Bangladeshi government to evacuate energy produced by the scheme to Bangladesh via India, GMR officials said.

A team from the Bangladeshi government is scheduled to visit the project site in western Nepal and start PPA negotiations with the developer.

“The team from Bangladesh will visit Nepal soon to expedite negotiations,” said Harvinder Manocha, chief operating officer of GMR Energy. “We are planning to export 300 to 500 MW of energy generated by the hydropower project in Nepal via India.”

Bangladesh signed a memorandum of understanding (MoU) with India’s NTPC Vidyut Vyapar Nigam (NVVN) to import electricity from Upper Karnali via India during Bangladeshi Prime Minister Sheikh Hasina’s visit to India in April 2017.

According to GMR, as Indian laws don’t allow private developers to export electricity produced in third countries over Indian transmission lines, Bangladesh signed an MoU with the state-owned cross-border electricity trading agency while GMR was the witness.

“It is clearly written in the MoU that the energy that NVVN will supply to Bangladesh will come from Upper Karnali,” said the GMR source. “The tariff rate will be mutually finalized by GMR and Bangladesh after negotiations.”

Bangladesh has repeatedly shown interest in importing electricity from Nepal via India, and has raised the issue at meetings of the sub-regional BBIN (Bhutan, Bangladesh, India and Nepal) Initiative which was signed by the four countries to facilitate regional trade and business. Bangladeshis have also shown interest in investing in Nepal’s hydropower sector under the same framework agreement.

Bangladesh first expressed interest in putting money in hydropower during the ninth South Asia Economic Summit it hosted in Dhaka last October. On the sidelines of the event, the then commerce minister Romi Gauchan Thakali and his Bangladeshi counterpart Tofail Ahmed signed an agreement to build two hydroelectric plants capable of generating over 1,600 MW of electricity in Nepal.

The proposed projects are the 1,110 MW Sunkoshi II and 536 MW Sunkoshi III on the Sunkoshi River in central Nepal. Both countries have agreed to develop the projects under the BBIN Initiative.

As per the agreement, the electricity produced by the Sunkoshi projects will be evacuated to Bangladesh via India through the BBIN economic corridor. However, no headway was made on this front as the Commerce Ministry failed to communicate with the Energy Ministry on the issue.

Later, when the then energy minister Janardan Sharma visited Bangladesh, he held talks with Bangladeshi State Minister of Power Nasrul Hamid on making joint investments for the development of hydroelectricity. He also invited Hamid to Nepal to sign an MoU to this end.