

Source: The Kathmandu Post; 27 August 2017

Private companies may be enlisted to install electricity lines

BIBEK SUBEDI

The Energy Ministry has been thinking about engaging the private sector in transmission line projects most of which are being implemented by the Nepal Electricity Authority (NEA). The ministry said it had been prompted to explore options due to concerns that the electricity generated by hydropower projects may

A committee headed by Joint Secretary Pravin Raj Aryal has been formed to conduct a study and recommend ways to enlist the private sector to build transmission lines under the public-private partnership model. The panel has been working closely with Investment Board Nepal (IBN) to develop an appropriate modality.

“The government had mentioned in the annual budget statement that a policy would be introduced to attract private investors to develop transmission lines. We are working to realise the government’s plan,” said Aryal.

“Necessary procedures will be formulated and implemented to attract the private sector for the construction of transmission lines under public-private partnership,” the then finance minister Krishna Bahadur Mahara had said while presenting the budget statement.

The committee, according to Aryal, is thinking about the build and transfer model under which the private sector will construct the transmission line and hand it over to government-owned entities like the NEA or the National Transmission Grid Company to operate.

Awarding contracts to private companies will not ensure rapid development of power lines as the main reason behind the delays is lack of policy, said Rajeev Sharma, deputy managing director of the NEA.

Half a dozen transmission line projects have stalled due to lack of policy which has prevented the state-owned power utility from securing right-of-way (ROW) from private landowners.

The ROW refers to an easement allowing transmission lines to pass over private land. Project developers generally purchase land to erect electricity pylons, but the land over which the cables will pass is leased from private landowners.

As per existing provisions, landowners are paid 10 percent of the property’s value as compensation. However, a majority of landowners are demanding 50-90 percent of the value of the land in compensation. Some have even demanded complete transfer of land ownership and 100 percent of the value in compensation.

The NEA’s failure to secure ROWs from private landowners to erect towers and string electrical cables has put transmission line projects like the 132 kV Thankot-Chapagaun, 220 kV Bharatpur-Bardaghat, 132 kV Kabeli Corridor, 132 kV second circuit of Middle and Lower Marshyangdi and 400 kV Tamakoshi-Kathmandu in limbo. These transmission lines are of strategic importance as they will evacuate energy generated by key hydropower projects to major load centres.

“If the government does not come up with an appropriate policy to acquire private land, the completion date of these transmission line projects will be pushed back,” said Sharma.

Although Nepal is on track to achieve energy sufficiency with the total installed capacity of hydropower projects expected to exceed 2,000 MW in the next three years, lack of adequate transmission lines is likely to hinder evacuation and distribution of the electricity.

Source: The Kathmandu Post; 29 August 2017

Construction resumes at Rasuwagadhi project

BALRAM GHIMIRE

Construction work at the 111 MW Rasuwagadhi Hydropower Project has picked up speed lately after being in the doldrums for more than a year.

China International Water and Electric Corporation, the contractor for the civil works, had abandoned the project site last year after continuous landslides triggered by the earthquake threatened the safety of workers. This further delayed the construction of the project which had already suffered a setback due to the earthquake and unofficial Indian embargo.

The Chinese contractor returned to work recently after being convinced by project officials.

Workers are currently engaged in the construction of an underground desanding pond, underground powerhouse and tunnel way besides the embankment at the dam site.

The Chinese contractor, according to Project Chief Chabi Gaire, has completed 40 percent of the construction work. The project is progressing in a satisfactory manner he added.

The Rasuwagadhi Hydropower Project is located 150 km north of Kathmandu, and is the largest among four hydropower projects being developed by subsidiary companies of Chilime Hydropower Company.

Apart from this project, Chilime is undertaking the construction of the 42.5 MW Sanjen, 14.8 MW Upper Sanjen and 102 MW Middle Bhote Koshi hydropower projects.

The Rasuwagadhi project is being developed at an estimated cost of Rs13.68 billion under a debt equity ratio of 50 percent. According to the project office, the cost of the project will not increase despite time overruns. As a promoter, Chilime holds a majority stake. It owns 33 percent of the shares while the Nepal Electricity Authority holds 18 percent.

The project is a run-of-river type scheme having a capacity to generate 613.87 gigawatt hours of hydroelectricity annually. The headworks of the project is located about 400 metres downstream from the confluence of the Kyirong Khola and Lende Khola which mark the boundary between Nepal and China. The length of the headrace tunnel is 4,196 metres up to the surge tank.

Although, construction work has been gaining momentum lately, heavy vehicular traffic at Rasuwagadhi has been hindering the transportation of construction materials to the the project site.

After the earthquake damaged the Tatopani border check point, a major chunk of Nepal-China trade is being carried out through the Rasuwagadhi point, and there is always a long queue of cargo vehicles creating traffic jams on the highway leading to the border.

“The obstruction is hampering construction work,” said Gaire. “We have requested various government authorities including the District Administration Office, Nepal Army, Nepal Police and Armed Police Force to solve the problem.”

Source: The Kathmandu Post; 31 August 2017

Chinese developer approves JV pact

West Seti Hydropower Project

The long-delayed West Seti Hydropower Project is likely to be implemented soon, as the board of directors of the Chinese company, which is building the project, has endorsed an agreement signed previously with Nepal Electricity Authority (NEA). This has paved the way for establishment of a joint venture company to formally begin construction of the \$1.6-billion reservoir project.

The West Seti hydro project is being developed by China Three Gorges Corporation (CTGC). The company had entered into an agreement with NEA, the state-owned power utility, to jointly build the project in far western Nepal in January.

At the time of signing the joint venture agreement, both sides had agreed to get the document approved by their respective board. Since then NEA's board of directors has endorsed the agreement. But CTGC was delaying the process citing various reasons.

"We just came to know that the CTGC board has also approved the joint venture agreement," a source at the Investment Board Nepal (IBN), which is overseeing the project's implementation, said.

The source, however, informed that "the IBN is yet to get an official letter from CTGC on the matter".

"So, we don't know whether the endorsement was conditional or with no strings attached," added the source.

The Chinese company had sent the draft of the joint venture agreement over two years ago. At that time, the IBN paid no heed to the document and instead developed a new one. This led to delay in signing of the joint venture agreement.

But even after the deal was sealed the Chinese company took time to endorse it citing various reasons.

In June, for instance, CTGC queried about NEA's tariff structure for electricity generated by multipurpose projects. This indicated the Chinese developer's intention to transform the project into one that would not only generate electricity but provide irrigation services as well.

NEA holds separate negotiations before fixing tariff for electricity generated by multipurpose projects, although its latest power purchase agreement guideline has fixed different rates for power generated by different types of projects. In the past, the Chinese developer had also expressed concern about the NEA's financial health, and queried about its ability to arrange funds to inject capital into the project. These interruptions have been delaying the construction of the much-awaited project, which will be 75 percent owned by the Chinese developer. NEA will own 25 percent stake in the project.

The government and CWE Investment Corporation, a subsidiary of CTGC, had signed a memorandum of understanding in August 2012 for the development of the project located in the far-western region of the country.

The project will spread over Baitadi, Bajhang, Dadeldhura and Doti districts.

The project was initially expected to generate 750 MW of electricity. But now there is uncertainty over its power generation capability, as the Chinese developer has proposed downward revision of the installed capacity stating water level in the river basin has dropped in recent years.

Source: The Himalayan Times; 01 September, 2017

Locals refuse to cede land for hydel project in Doti

The much-hyped West Seti Hydropower Project seems to be hitting a fresh snag now with locals of Talkot of Shikhar Municipality in Doti refusing to cede land that the government wants to acquire for construction of a sub-station for the project. The project office based in Kathmandu had initiated the land requisition process on June 11 this year by issuing a public notice to land owners urging them to contact the office with documents vouching for their right over their lands.

But not a single family of a total of 135 households occupying the 160 ropani land required for the sub-station has agreed to leave their lands.

A meeting between stakeholders and locals held on Tuesday to discuss the matter ended inconclusively after locals clarified that they could not leave their lands unless they were relocated to a better place. “The government should resettle us in a better place if we are to leave our lands. It can’t bring us to the road by snatching our lands,” said local Bal Bahadur Malla.

Another local Bhagirathi Mahara said, “I don’t believe the project will ever materialise as it’s already been 37 years since I first heard about the project. Yet another local Dev Bahadur Saud said, “Though there is public land nearby that could be used for the sub-station, the government does not pay attention to that. It’s hell-bent on grabbing our lands.”

District Land Revenue Office, Doti, acting Chief Siddharaj Shrestha conceded that the locals were refusing to leave their lands. “We held a meeting with them to end the deadlock but to no avail. They wouldn’t give in,” he said.

Source: The Himalayan Times; 01 September, 2017

Govt to provide 19,600 ropanis of land to Tanahu hydro project

The government has decided to provide 19,600 *ropanis* of land for the development of the Tanahu reservoir hydroelectricity project in Tanahu district. The Cabinet meeting held on August 15 decided to provide the land to develop the 140-megawatt project. According to the Ministry of Land Reform and Management (MoLRM), the Tanahu Hydropower Ltd (THL) has been provided the authority to use 150 *ropanis* of land as per the Land Acquisition Act 1977 and an additional 19,450 *ropanis* is being provided by the government.

As per the land act, in hilly areas industries and projects are allowed to acquire only 75 *ropanis* of land, however the government can provide more land as per the need of projects.

Most of the land being acquired by Tanahu hydropower will be utilised to construct access road, guesthouse, office and transmission line.

According to Sachen Gautam, communication expert at THL, the government has provided the additional land for the project after studying the environmental impact assessment (EIA) and initial environment examination (IEE) reports. "Based on the EIA and IEE reports, the project requires 19,500 *ropanis* of land to construct dam, powerhouse and tunnel, among others and 100 *ropanis* to build transmission line," he informed.

THL has already acquired 150 *ropanis* of land in Tanahu to construct access road, guesthouse and offices and it will acquire more land as soon as possible as per the rules set by the government. The project is currently distributing compensation amount to the people affected in the site area.

The project has estimated that it will have to distribute a total of Rs 670 million as compensation to the affected people and out of the estimated total it has already distributed Rs 470 million.

To facilitate the construction process of the project local consultation forums have been formed in the four affected local levels of Tanahu district, namely Byas and Vimad municipalities and Rising and Myagde rural municipalities.

THL is in the final stage of contractor selection process. The project has planned to finalise the selection process within October and begin the construction process as soon as possible.

It has forwarded the technical proposal of the contractor to Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA), for consent. ADB and JICA have already committed to invest in the project.

The first package of the bidding will be approved by ADB and the second will be approved by JICA.

Diverting the river course and construction of a dam are the major works related to the first package and construction of tunnel and powerhouse, hydro-mechanical and electro-mechanical works, equipment import and operation are in the second package.

After finalising the technical proposal, THL will open the financial proposal received from the contractors who are bidding for the project.

The estimated cost to construct the project is Rs 50 billion that includes the interest that needs to be paid for the loans taken and for rural electrification programme. The investors in the project are the government, Nepal Electricity Authority, ADB, JICA and the European Investment Bank.

Source: The Himalayan Times; 01 September, 2017

Electricity price hike

The Confederation of Nepalese Industries (CNI) has appealed to Energy Minister Mahendra Bahadur Shahi not to hike the electricity price as per the recommendation of the electricity tariff fixation committee.

In a meeting with the energy minister, held here on Thursday, representatives from CNI also said that if the tariff is hiked, industries will lose their competitiveness and productivity would also be affected. Addressing the concerns raised by CNI representatives, Minister Shahi said the government will not hike the electricity tariff for industries.