

Source: The Himalayan Times, 4 Sep 2017

Mistrikhola hydel project expedites construction work

The Mistrikhola Hydropower Project has been rapidly expanding its infrastructure development in Narchyang of Annapurna Rural Municipality-4 in Myagdi district.

The 42-megawatt (MW) project undertaken by the Robust Energy Pvt Ltd has been speeded up its construction work for the past 16 months.

The hydro project that has been building its dam on the confluence of the Nilgiri and Dhalemndi rivers will channel the river water through a 2,300-metre long tunnel and release it into the power station that will be located on the Kaligandaki river bank along the Besigaun stretch of Narchyang through a 287-metre head.

The construction overseen by the High Himal Hydro Construction has already built 958-metre long tunnel, informed Diwakar Khadka, the Residential Engineer at the Hydro Consult Engineering.

The project that started its construction in June, 2016, aims to generate electric power by February 2019.

The project will cost an estimated Rs 5.5 billion.

The company has also constructed six-kilometer road stretch and three motorable bridges in Purvanarchyang area, under the project.

Source: The Kathmandu Post, 5 Sep 2017

Nepali team heads to India for Pancheshwar talks

A Nepali team of experts left for the Indian Capital on Monday for bilateral talks to finalise a detailed project report (DPR) of Pancheshwar Multipurpose Project--a mega hydroelectric-cum-irrigation project.

The team led by Madhusudhan Adhikari, secretary at the Water and Energy Commission of Nepal, will meet with Indian team of experts led by Narendra Kumar, secretary of the Central Water Commission of India, on September 5 and 6 to finalise the DPR.

Before leaving for New Delhi, the Nepali team had met Prime Minister Sher Bahadur Deuba on Sunday to brief about the project. During the meeting, Deuba instructed the team to keep the national interest before finalising the DPR of project. In the meeting, the PM said Nepal will invest 37 percent of total investment while rest should come from the Indian side. This is official position of Nepal and the PM directed the officials to stick on the same position.

Nepal and India had agreed to finalise the DPR of the project within a month of Deuba's state visit to India in last week of August. Experts from both sides had met in Kathmandu in an attempt to finalise the DPR before PM's visit to India, but the meeting ended inconclusively.

WAPCOS, an Indian state-owned consultant hired by the Pancheshwar Development Authority (PDA), has prepared the DPR of the project which needs to be approved by both countries before the construction can start. Use of water resources, location of the dam, installed capacity of the project, cost sharing, funding arrangements and construction modalities of the project have been the major bone of contention.

The Joint Expert Group, which is led by secretaries of the two countries, was formed in a bid to resolve the outstanding issues.

Pancheshwar tops PM Deuba development agenda. Immediately after assuming the post of prime minister for the fourth time, Deuba said that the project would be pushed forward.

However, the fate of the project hangs in the balance as there is a strong opposition against it in the Indian state of Uttarakhand which lies across Mahakali River from Nepal. The Uttarakhand state government has been urging the Indian federal government to address outstanding issues before going ahead with the project. According to the state government, the planned Pancheshwar dam will submerge 60 villages and dislocate 31,000 families in Uttarakhand.

Source: My Republica, 5 Sep 2017

GMR requests investment board to extend Upper Karnali's deadline for second time

The Investment Board has received an application from the promoter of Upper Karnali Hydropower Project with the call to extend the construction tenure.

Indian promoter company Grandhi Mallikarjuna Rao (GMR), known as GMR Group which holds the license

for the project construction had approached the Board with a request to extend the construction deadline, citing its inability to mobilize the investment.

The GMR was awarded the contract of constructing the 900- Megawatt Project located on the Karnali River in Surkhet, Dailekh and Achham districts. The contract was awarded through an international competitive bidding process in 2008.

The company has been unable to manage funds for the implementation of project when three years are about to complete since the signing of the Project Development Agreement (PDA).

Only 25 days are left to end the tenure of project construction. According to Board Executive Officer Mahaprasad Adhikari, the GMR has applied for the extension of tenure and discussions are on about it.

The government last fiscal extended the project tenure by a year in response to the company's call for so, citing the failure to garner the funds.

It has been stating that it has already signed the power trade agreement with Bangladesh (400 MW) and the Haryana State, India (200 MW).

However, the company has not yet submitted the PTA and Memorandum of Understandings reached with banks and financial organisations for loan investment in the project to the Board.

As per the PDA, the company had to gather required investment within the two years of the signing of the agreement. But the one-year extended tenure is ending soon.

The project representatives had also held discussions with Energy Minister Mahendra Bahadur Shahi on September 1 on this matter. The project representatives had met with the Energy Minister after he gave a public statement indicating to scrap the project license for failure to carry out the works on the stipulated time.

The project representatives had, at a programme organized here some time back, stated that necessary preparations were being made to mobilize the required financial resources. A bank has been set up at Dab in Dailekh district for the distribution of compensation to the affected locals. Compensation needs to be provided to a total 426 households as per the rehabilitation and resettlement action plan. It is decided to provide Rs 895 thousand as compensation for per ropani of private land.

The government and the Indian company GMR signed a MoU on September 19, 2014 for the construction of the 900- megawatt hydroelectricity project. The Board has eased the process for the use of forest area for the project. The Ministry of Forests and Soil Conservation has made the required decision to this effect.

The Ministry has made a decision to provide 252.72 hectares land in Dailekh and Achham for the construction of the project's tunnel, reservoir and power house. Sattala, Singaudi, Layati Bindrasaini, Nepa, Naule Katuwal and Khadabada in Dailekh district; Pokharikanda, Chhapre and Salkot in Surkhet district; and Bhairabsthan, Rahaf and Raniban in Achham district are directly affected areas.

A 150 feet high dam would be constructed at Dab of Dailekh and the water from it would be channelized through a 2.5 kilometres tunnel and used to run the turbine of the powerhouse to be constructed at Balde of Achham for power production.

The government gets 27 per cent share of the project and 12 per cent power for free. The estimated cost of the project is Rs 116 billion. As per the agreement the project would be handed over to the government after 25 years. RSS

Source: The Rising Nepal/The Himalayan Times, 6 Sep 2017

Russia to invest Rs 5.10 billion in PK hydel project

Russia is set to invest Rs 5.10 billion in the 30 MW PK Hydropower project.

A meeting of the Industry and Investment Promotion Board under the Industry Ministry held on Wednesday gave permission for Russian investment in the project, said Director General of the Department of Industry, Shankar Aryal.

The hydropower project is located at Likhu rivulet in the border of Ramechhap, Okhaldhunga and Dolakha districts.

The meeting held under the chairmanship of Prime Minister Sher Bahadur Deuba, who is also looking after Industry Ministry portfolio, discussed on the various issues including promoting foreign investment, promoting domestic industries and reforming industrial sector.

Source: My Republica, 6 Sep 2017

GMR seeks another extension for financial closure

The Investment Board Nepal (IBN) has received an application from the promoter of Upper Karnali Hydropower Project with the call to extend the project's construction tenure.

Indian company GMR Group, which holds the license to develop the project, has requested IBN to extend construction deadline, citing its inability to mobilize investment. GMR was awarded the contract to develop the 900-megawatt Project located on Karnali River in Surkhet, Dailekh and Achham districts through an international bidding in 2008.

The company has been unable to manage funds to develop the project even though it has nearly been three years since the signing of the Project Development Agreement (PDA).

The deadline for financial closure is expiring in 25 days.

IBN CEO Mahaprasad Adhikari said that the GMR has applied for extension of tenure and that discussion on its application was undergoing.

The government had extended the project's tenure by a year in the last fiscal year, responding to the company's request.

The company has been stating that it has already signed Power Trade Agreements (PTAs) with Bangladesh for 400 MW and the Haryana State of India for 200 MW. However, it has not submitted the PTA and Memorandum of Understandings (MoUs) signed with banks and financial institutions (BFIs) for loan investment in the project.

As per the PDA, the company has to achieve financial closure within the years of the signing of the agreement. But the company has failed to arrange resources to build the project even though the yearlong extended term is ending soon.

Representatives of the company had also held discussions on the matter with Minister for Energy Mahendra Bahadur Shahi on September 1. They met the Minister Shahi after the later made a public statement, saying that the government would scrap license of projects which are not moving ahead as per the specified time-frame.

The project representatives, at a program organized in Kathmandu, some time back, had stated that necessary preparations were being made to mobilize required financial resources to develop the project.

A bank branch has been set up at Dab in Dailekh district for distribution of compensation to the project-affected locals. Compensation needs to be provided to a total 426 households as per the rehabilitation and resettlement action plan.

The project is providing Rs 895,000 per ropani as compensation for the land acquired by the project. The government and the GMR signed a MoU to develop the project on September 19. The IBN has already eased the process for the company to use forest area to develop the project.

The Ministry of Forests and Soil Conservation has decided to provide 252.72 hectare of land in Dailekh and Achham districts for construction of the project's tunnel, reservoir and power house.

Sattala, Singaudi, Layati Bindrasaini, Nepa, Naule Katuwal and Khadabada in Dailekh district; Pokharikanda, Chhapre and Salkot in Surkhet district; and Bhairabsthan, Rahaf and Raniban in Achham districts are directly affected by the project.

The project will build a 150-ft dam at Dab of Dailekh and channelize the waters of the Karnali River through a 2.5-km tunnel to the powerhouse to be built at Balde of Achham.

GMR will give the government 27 percent of the shares in the project as well as 12 percent of energy free of cost. The project is estimated to cost Rs 116 billion.

Source: The Kathmandu Post, 7 Sep 2017

Energy minister summons chiefs of generation projects under NEA

The Ministry of Energy has instructed the chiefs of the generation projects being developed under Nepal Electricity Authority (NEA) to ensure early completion of the projects. Citing inefficiency of most of the projects as they have already missed the deadline several times, Minister for Energy Mahendra Bahadur Shahi had summoned the projects' chiefs today. e desired time frame. Due to delay in the construction of generation project, cost of the project balloons, while the power utility has been losing huge amount of revenue at the same time.

The energy minister also assured the project heads that he will take the lead in resolving the problems they are facing in a bid to expedite the projects.

Chiefs of the 11 generation projects, namely Upper Tamakoshi, Chameliya, Kulekhani III, Rahughat, Upper Trishuli 3A, Lower Sanjen, Upper Sanjen, Rasuwagadhi, Middle Bhotekoshi, Tanahu and Upper Trishuli 3B under NEA have submitted the progress report to the minister. These projects have complained about the right of way clearances due to stringent forest rules, local disputes, hassles in land compensation distribution and inefficiency of the contractors as the major hassles to accelerate the projects.

Source: The Himalayan Times, 7 Sep 2017

Nepal-India talks on Pancheswar DPR end inconclusively

Nepal and India are close to finalising the detailed project report (DPR) of the much-talked-about Pancheswar Multipurpose Project during the meeting of team of experts that was formed by the governing body of Pancheswar Development Authority (PDA), in New Delhi, on Tuesday and Wednesday. The team of experts meeting of Nepal and India led by Madhusudan Adhikari, secretary of the Water and Energy Commission Secretariat and Narendra Kumar, chairman of the Central Water Commission of India has finalised most of the technical aspects of the DPR. However, the issue of benefit-sharing has not been concluded as the Indian side has proposed to keep existing water flows for lower Sharada irrigation project.

Analysing the hydrological series from 1962 to 2012, Nepal and India agreed to fix 925-megawatt firm capacity of the project. Earlier, WAPCOS Ltd, a government of India undertaking, had submitted a study report that the firm power can be fixed at only 725 megawatts. Nepal had reservations on the study submitted by WAPCOS.

According to Dinesh Kumar Ghimire, joint secretary at the Ministry of Energy and one of the members of the team of experts, both sides have principally agreed to fix 925 megawatts as the firm capacity and Nepal will get half of the energy generated from the project. Nepal will benefit from energy and India can reap benefits of the irrigation facility and flood control through this project.

As India has proposed existing water flows at lower Sharada irrigation project, Nepali side has told the Indian side that the matter can be resolved if India pledges to compensate Nepal with electricity. Nepal has also stuck to its stand to develop the Pancheswar project abiding by all the provisions of the Mahakali treaty, as per Ghimire.

Though the meeting of the team of experts did sort out issues related to technical aspects, the meeting ended inconclusively as it failed to gather consensus on benefit-sharing issues. The next meeting of the team of experts is expected to finalise the benefit-sharing issues through which Nepal and India will finalise the share of investment in the project.

Nepal and India first talked about developing the Pancheswar Multipurpose Project in 1995 and the energy secretary-level talks in 2014 had taken the initiative to finalise the DPR of the project. Finalisation of DPR was given priority during Prime Minister Sher Bahadur Deuba's recent visit to India. The joint communiqué issued by the prime ministers of Nepal and India has mentioned about finalising the DPR of the Pancheswar Multipurpose Project within a month. However, authorities have said Nepal and India have several differences in the principal aspects of benefit-sharing.

As per Joint Secretary Ghimire, the next meeting of the team of experts may finalise the DPR of the project to expedite the multipurpose project.

Source: The Kathmandu, 8 Sep 2017

Korean JV on track to get licence for Upper Trishuli Hydropower Project

Korean joint venture Nepal Water and Energy Development Company (NWEDC) is on track to receive a generation licence for the construction of the Upper Trishuli Hydropower Project.

Last week, the Department of Electricity Development (DoED) recommended to the Energy Ministry to award the permit to NWEDC. The planned 216 MW hydropower plant is located in Rasuwa district in north central Nepal.

As the department cannot award licences to projects with an installed capacity exceeding 100 MW, the DoED had forwarded NWEDC's application to the ministry.

"The documents submitted by NWEDC are complete, and we have forwarded them to the ministry with our recommendation to award the licence," said Director General Nabin Raj Singh. "The developer will likely get the generation license within a week."

NWEDC, however, is not thrilled by the imminent permit as the project is currently in limbo because the deadline to sign a power purchase agreement (PPA) with the Nepal Electricity Authority (NEA), which is a more important milestone in the project development process, has passed.

As per the project development agreement (PDA) signed between the NEA and NWEDC in December 2016, they were supposed to complete the PPA by the end of June, but it did not happen as both parties failed to agree over some points.

A source close to NWEDC claimed that the NEA's halfhearted attitude was the major reason behind the failure to conclude the PPA deal. "It seems the PPA deal is not in the priority list of the NEA," said the source.

"Due to lack of the PPA, the project is unable to conclude the financial closure and will miss its original plan to start construction by October 2017."

International Finance Corporation (IFC), the private sector wing of the World Bank Group and one of the venture partners in the hydropower project, is also concerned about the delay in the signing of the PPA. Recently, Wendy Werner, country manager of IFC for Nepal, Bhutan and Bangladesh, met Energy Ministry Mahendra Bahadur Shahi and requested him to expedite the PPA.

The NEA said it was working hard to conclude the PPA and the deal would be signed soon after a few contentious issues were resolved.

NWEDC has asked that a force majeure clause be inserted in the PPA under which the NEA will have to pay compensation if the developer fails to meet the contractual obligation due to unforeseeable circumstances like war, strikes or blockades, among other mishaps.

The NEA is not willing to insert the provision in the agreement as it has already been included in the PDA. Likewise, the developer has asked the NEA to bear the hydrology risk associated with the hydropower project and include the provision in the PPA.

If this provision is included in the PPA, the developer will not be fined even if it fails to supply the amount of energy pledged at the time of signing the PPA. The NEA is reluctant to include this provision in the PPA saying that it had already relaxed the hydrology penalty provision under which the developer will not be fined even if it fails to supply up to 50 percent of the pledged energy.

Source: The Kathmandu, 8 Sep 2017

Nepal set to get 462.5MW of 'firm energy'

Pancheshwar multipurpose project

Nepal will get 462.5 MW of 'firm energy' from Pancheshwar Multipurpose Project, a mega hydroelectric-cum-irrigation project which is being built jointly by Nepal and India.

This means Nepal will get minimum of 462.5 MW of electricity round the clock round the year. Firm energy is uninterruptable power that is supplied continuously all year round.

During the two-day meeting of the Joint Expert Group—comprising of officials from both countries—that concluded on Thursday, it was decided that the project's firm energy output would be 925 MW and Nepal would receive half.

"The meeting made the decision based on 50 years of hydrological data from 1962 to 2012," said Dinesh Kumar Ghimire, joint secretary of the Energy Ministry who was also present at the. Earlier, India was proposing the firm energy of 767 MW of energy.

However, the meeting failed to finalise the detailed project report (DPR) of the mega-project as Nepali officials participating in the meeting declined to provide water from the Mahakali River to Sarada River as demanded by the Indian side.