

Source: The Kathmandu Post; 16 September, 2017

Financial closure deadline likely to be extended again

BIBEK SUBEDI

Investment Board Nepal (IBN) is considering making a second deadline extension for the Indian developers of the Upper Karnali and Arun 3 hydropower projects to complete financial closure after they asked for extra time to arrange funding.

The two Indian companies, SJVN Arun 3 Power Development Company (SAPDC) and GMR Upper Karnali Hydropower Project, have requested extensions of six months and one year respectively.

The financial closure deadline for Upper Karnali expires on September 18 and the last date for Arun 3 is September 30. The projects have an installed capacity of 900 MW each, and the developers have said that they need more time due to their large size. They applied to IBN more than a month ago.

On Wednesday, the Indian developers also met with officials of the High Level Committee for Implementation of Arun 3 and Upper Karnali Project which is headed by National Planning Commission Chair Swarnim Wagle and explained why they needed a deadline extension.

“As GMR plans to export the electricity generated by the Upper Karnali hydropower project to India and Bangladesh, it is waiting for the Indian government to issue regulations on cross-border electricity trade. The Indian developer said that the sooner this happens, the sooner it will be able to complete financial closure,” said an IBN official who was present at the meeting.

“GMR said it would take two to three months to sign a power purchase deal after the regulations are released, and another two to three months to complete financial closure after that.”

Meanwhile, SAPDC which has asked for a six-month extension said it would lengthen the gestation period of the loan, according to the IBN source. “According to SAPDC, arranging funds to construct the project will not be very difficult for them as the company is owned by the government, and any state-owned bank will readily issue a loan,” said the source.

The board is agreeable to extending the deadline, but has not decided by how much. “We will first consult with the high level committee and present its recommendation to the IBN board of directors which will make the final decision,” said the source.

This is not the first time that IBN has pushed back the deadline for financial closure for the Indian developers. Last January, the board extended the time limit after the two companies said that the devastating earthquake, fuel crisis due to unrest in the Tarai and delays in forest clearance had delayed work.

Source: My Republica; 17 September, 2017

Over a dozen hydropower companies not paying government royalty

Rudra Pangei

Over a dozen independent power producers have not paid royalty to the government, according to the Department of Electricity Development (DoED).

Except few amongst them who were affected by earthquake and flood, all have been earning good revenues by selling their electricity to Nepal Electricity Authority. But they have not been paying royalty to the government for using natural resources although the DoED has repeatedly asked them to pay. Companies not paying royalty to the government on time are running the plants of less than 10 MW, according to the DoED's record. The outstanding royalty collection is of the last two fiscal years and the DoED record says the amount of the fiscal year 2016/17 is not calculated because they have not submitted record of electricity sales while the outstanding dues of the previous fiscal year of 2015/16 is in the tune of Rs 37 million.

Bhairabkunda and Sipring Khola projects were affected by earthquake. They have already been restored.

A total of 14 companies not paying royalty of the last fiscal year ending mid-July are Himal Dolakha Hydropower Company (Mai Khola 4.5 MW), Daraudi Kalika Hydro Pvt Ltd (Daraudi -A of 6 MW, Sanvi Energy Pvt. Ltd (Jogmai Khola of 7.6 MW) among others. The full list is given in the table.

Amongst those companies Bhairabkunda, Sipring Khola was damaged by the earthquake of 2015.

They pay the royalty to the government in two categories. They pay two percent of the average tariff per unit (per kilowatt hour) and Rs 100 per kilowatt installed capacity per year for the first 15 years of generation (for commercial purpose). Thereafter, the rate of royalty is set at 10 percent of average tariff per unit (per kilowatt hour) and Rs 1,000 for each installed kilowatt per year.

The companies have to submit their royalty in every four months but several of them have remained out of contact for two years. The deadlines to pay royalty are; Kartik 15 or October end for the royalty of months of Ashad, Shrawan, Bhadra, Ashwin and, Falgun 15 or February end for the royalty of Kartik, Mangsir, Push and Magh, and Ashad 15 or June end for the remaining four months or Falgun, Chaitra, Baishakh and Jestha.

“We have followed up with them repeatedly but they have not been paying in given time and we continue to follow up if they do not obey our follow up and lastly we write to Nepal Electricity Authority, which is the only electricity buyer of the government, to ensure the royalty,” said Nabin Raj Singh, Director General of DoED.

Nine companies including Synergy Power Development Limited (which runs Sipring Khola of 10 MW), Himal Dolakha Hydropower Limited (Mai Khola of 4.5), Ankhu Jalvidut Co. Pvt Ltd which runs (Ankhu Hydropower Project) have not cleared the dues of the previous fiscal year.

DoED last year had corresponded to Nepal Electricity Authority to ask the companies to pay dues or royalty to 12 companies including those nine but only three companies paid the dues. NEA is the only buyer of the electricity from these independent power producers.

Talking to Republica, Sujan Paudel, account chief of Synergy Power Development Limited, claimed that they have almost cleared the royalty of the fiscal year of 2015/16 and promised to pay soon of the last fiscal year or 2016/17.

The DoED has collected Rs 1.43 billion as royalty from different hydropower companies including that of Nepal Electricity Authority in Fiscal Year 2016/17 while the amount collected was Rs 1.57 billion in the previous fiscal year.

This royalty is partly distributed to the project affected local levels (5 percent) and provinces (10 percent) and remaining goes to the central government, according to the proposed draft laws for distributing the royalty after the local level is elected.

Source: My Republica; 17 September, 2017

Middle Modi hydro project further delayed

Chhabi Lal Tiwari

It seems the under-construction Middle Modi hydropower project, which was supposed to be completed by December 2017, will be further delayed by a year and half.

Reasons like presence of white clay and rocks on the tunnel-way, workers' protest, and withdrawal by an investment partner have delayed the 15.1 megawatts hydropower project.

The project, a Chaudhary Group venture, is being constructed with an investment of Rs 2.80 billion. Industrialist Binod Chaudhary had laid down the foundation stone of the project on November 23, 2014. Out of the total 2,693-meter-long tunnel-way, only 1,546 meters have been completed. That means only 55 percent work has been completed till now. According to the information given by the project office, 1,125 meters of the tunnel have been dug toward the water source and 421 meters toward powerhouse. Rest of the work will be completed by 2018 April, according to LB Thapa, deputy project manager of the construction company Himal Hydro.

"We still need to dig 1,100 meters of tunnel," he said: "Our target is to complete it by 2018 April."

He said that the tunnel construction was hit by the presence of white clay in the soil. "Few places have rocks but the white clay in most of the places is creating trouble for construction," he added.

Along with the tunnel, the company has also begun the works of river embankment, powerhouse and headwork. The project office has said that its works were affected by the earthquake and blockade in the past two years. According to project chief Hari Devkota, 70 percent work was supposed to be completed till now but several reasons have been pushing back the deadline. According to him, both the costs and the timeframe would increase if the present situation continued.

Even after the foundation stone was laid, construction could not be started immediately. Indian company Coaster, which had committed to partner with Chaudhary Group initially, showed reluctance in the project later on, which caused the project to be delayed by four months. Authorized contractor of the project, Himal Hydro, has recently sub-contracted Phewa Construction and assigned it some part of the project work.

Besides other disturbances, the project has been further delayed due to repeated protests by the workers on issues related to wage and provision of other facilities.

Source: The Kathmandu Post; 19 September, 2017

Upper Tamakoshi receives Rolwaling survey licence

The Department of Electricity Development has granted a survey licence for the 22 MW Rolwaling Hydropower Project to Upper Tamakoshi Hydropower Limited (UTHL). The company is a subsidiary of the Nepal Electricity Authority (NEA) and the developer of the 456 MW Upper Tamakoshi Hydropower Project.

Water in the tailrace of the Rolwaling scheme will be channeled into the intake of the Upper Tamakoshi project to boost its electricity generation capacity. “Additional water from the tailrace of Rolwaling Hydropower will increase the dry season energy of the Upper Tamakoshi by 169 gigawatt hours,” said Bigyan Raj Shrestha, NEA appointed project chief of UTHL. “The diversion of water from the tailrace of Rolwaling to Upper Tamakoshi will be completed within two years after the completion of the Upper Tamakoshi project.”

The Upper Tamakoshi Hydropower Project, a strategic project designed to end the country’s acute power shortage, is on track to meet the revised completion deadline of July 2018 with 91 percent of the work finished. The project on Sunday attained a major breakthrough with the completion of a 310-metre vertical tunnel which will pave the way for vertical steel lining work.

Likewise, the project is on the verge of another major breakthrough with only 270 metres of a 16-km main tunnel remaining to be dug. “We will dig the remaining 270 metres within 45 days,” said Shrestha.

The national pride project was originally scheduled to be completed in mid-July 2016, but the earthquake, Indian trade blockade and various technical and social issues pushed back the completion date. Before the earthquake hit the country, the project had completed 79 percent of the civil works. It faced cost overruns due to these delays. The project is now expected to cost Rs42 billion, up from the previous estimate of Rs35.3 billion.

Nevertheless, the project is considered a role model project which is being developed with domestic resources and significant participation of project affected locals and the general public.

The project is also gearing up to float shares to the public, including those residing in project-affected areas, in December. The project is planning to issue 25 percent of the shares worth Rs2.64 billion at an initial public offering (IPO). It expects to wrap up the share distribution process by March 2018.

The NEA, one of the promoters of the project, is selling 10 percent of the shares in the project to locals of Dolakha district affected by the project and 15 percent to the general public. A recent meeting of the District Coordination Committee Dolakha has decided to issue 10 percent of the project’s shares to project-affected locals immediately after the upcoming provincial and federal elections.

Source: The Himalayan Times; 20 September, 2017

Hydro expo slated for January

In a bid to promote the country's hydropower sector, Independent Power Producers' Association Nepal (IPPAN) — the umbrella association of private sector developers — is going to jointly organise the 'Himalayan Hydro Expo' next year with Event Management Services Pvt Ltd (EMSPL), bringing all the stakeholders under one roof. The expo will be organised from January 5 to 7 in Exhibition Hall, Bhrikutimandap, Kathmandu. The expo will showcase over 300 stalls from hydropower developers, associated state-of-the-art technology equipment manufacturers and suppliers, investors, banks and construction companies. Amongst these stalls, over 150 stalls will be from international companies. IPPAN has said that National Planning Commission (NPC) — the apex planning body of the government — will provide patronage for the expo, which will be supported by the Nepal-India Chamber of Commerce and Industry (NICCI) and Nepal-German Chamber of Commerce and Industry.

Hydropower in Nepal

Total generation	900 MW
Projects under construction	3,000 MW
Potential of hydro electricity (economically viable)	40,000 MW

Likewise, Nepal Electricity Authority, Federation of Nepalese Chambers of Commerce and Industry, Confederation of Nepalese Industries, Nepal Bankers' Association, Youth Community for Nepalese Contractors with support from Nepal Tunnelling Association (NTA) and Tunnelling Experts Group have endorsed the expo, as per the organisers.

“The expo will provide a platform for the developers and those interested in the hydropower to establish contact with the financiers, manufacturers, equipment suppliers, engineers and construction contractors, among others,” said Shailendra Guragain, president of IPPAN, adding, “As the event would bring together various parties, it is expected to synergise hydropower development within the country and facilitate the government's target of producing 17,000 megawatts in the next seven years.”

The organisers have also been discussing with the government to add a stall to inform about the foreign direct investment approval process, taxes and other incentives for the hydropower developers in Nepal. Similarly, NEA will showcase the potential projects and disseminate information about new tariff for peaking run-of-the-river and reservoir projects. The foreign participants will also showcase cutting-edge technologies in tunnelling and other hydro mechanical and electromechanical works.

Delegations from India, China, Germany, South Korea, United States, United Kingdom and Norway will participate in the expo, as per IPPAN.

The expo will also host various competitions for engineering students. The expo will also have stalls disseminating information related to hydropower, as per organisers.

Source: My Republica; 21 September, 2017

Himalayan Hydro Expo in the offing

Independent Power Producers' Association Nepal (IPPAN) and Expo & Event Management Services Private Limited (EEMSPL) are jointly organizing Himalayan Hydro Expo 2018 in Kathmandu on January 5-7, 2018.

The expo, which will be organized at the Bhrikuti Mandap Exhibition Hall, will have over 300 stalls of hydropower developers, associated state-of-the-art technology equipment manufacturers and suppliers, investors, banks, and construction companies, among others.

Around 15 stalls will be of international companies, the organizers said at a press meet organized on Wednesday. They also said that the expo will prove to be a knowledge-sharing platform for interested parties like hydropower developers, manufacturers, engineers and among others. "As it brings together parties from various aspects of hydropower development, it is expected to synergize hydropower development within the country and facilitate the government's target of producing 17,000 MW of hydropower in 7 years," a statement issued by IPPAN read.

Government of Nepal and National Planning Commission are the patrons of the event. Similarly, Nepal Electricity Authority, Federation of Nepalese Chambers of Commerce and Industry, Confederation of Nepalese Industries, Nepal Bankers' Association and Youth Community for Nepalese Contractors have endorsed the event.

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