

Source: The Himalayan Times; 20 May 2018

NEA asks contractor to complete Solu Corridor transmission line on time

Nepal Electricity Authority (NEA) – the country’s only power utility – has asked the concerned officials to complete the construction of the transmission line and sub-station of the Solu Corridor within the given deadline. NEA has directed the management officials of the project, contractor, and the consulting company to complete the project within 2019.

Mohan Energy Corporation Pvt Ltd, India, has been assigned the responsibility of constructing the transmission line and the sub-station.

A team comprising NEA Managing Director Kul Man Ghising and other high-level NEA officials had inspected the under-construction 132 kV transmission line that is 90 km long and the 132/33/11 kVA sub-station in Tingla of Solukhubmu district from Friday till today.

Ghising has said that the delay in constructing the transmission line and sub-station in the Solu Corridor will result in huge losses for the government. A few days back, Barsha Man Pun, minister of Energy, Water Resources and Irrigation, had directed NEA to resolve the problems of Solu Corridor as soon as possible.

NEA MD Ghising informed that contractors who fail to complete the construction of transmission lines as scheduled must pay a penalty to the NEA as the delay will cause a huge loss for the government. He also assured the concerned officials of the Solu Corridor project that he would help resolve the problem of land acquisition and forest clearance along the planned route of the transmission line after holding consultations with Minister Pun.

“We will monitor the construction activities regularly and if the project is not completed on time then the project chief and the contractor will be solely responsible for it and will have to compensate the government,” Ghising stated. Ghising made this decision after it became apparent that the contractors hired for the construction of the Solu Corridor transmission line were unlikely to meet the deadline. If the contractor of the Solu Corridor project fails to complete its works by 2019, then the electricity produced from hydel projects in that area cannot be utilised properly and moreover NEA will have to pay a penalty to project promoters in this case, as per Ghising.

According to Ghising, if the project is delayed then NEA will make the contractor pay the penalty to NEA, which in turn will be paid to the promoters of the hydel projects being constructed in the region.

According to the Power Purchase Agreement (PPA), the NEA has to pay the cost of 45 per cent of the total electricity generated as penalty to the promoters if the transmission line and sub-station are not completed on time.

The Solu Corridor project is being constructed with investment from the government of Nepal, NEA and a soft loan obtained from the Indian ExIm Bank. Various hydel projects with total installed capacity of 217.5 megawatts are being constructed in the region.

Source: The Kathmandu Post; 21 May 2018

NEA warns of fine if power line project delayed

The Nepal Electricity Authority (NEA) has warned the contractor for the Solu Corridor transmission line project that it is liable to pay a fine if the power line and substation are not completed within the stipulated time. The state-owned power utility has contracted Mohan Energy Corporation of New Delhi, India to build the 132 kV transmission line which will feed the electricity generated by six hydropower projects under construction on the Solu River, known as the Super Six, into the national grid.

It appears the contractor will not be able to complete the project within its March 2019 deadline, raising concerns that the electricity generated by the private developers will go to waste when the plants come online. The power line project is being built by the NEA with a \$29 million soft loan from India.

NEA Managing Director Kulman Ghising said it may fine the contractor to provide compensation to the private hydro investors for losses if the project fails to come into operation by the given deadline. Ghising made the remark while making a field inspection of the project in Solukhumbu on Friday.

The NEA is constructing the 90-km Mirchaiya-Tingla 132 kV double circuit transmission line and substation of a similar capacity at Tingla in Solukhumbu district.

Amid delays in the construction of the transmission line, Energy Minister Barsha Man Pun directed the NEA to resolve the problem as soon as possible as the electricity generated by the private developers could go to waste.

“If the project has been delayed due to issues related to the environment, particularly forests, I will request the concerned ministry,” said Ghising. “We will monitor the project continuously. And if the project fails to come into operation on time, the contractor should take the responsibility,” he said.

The NEA has signed power purchase agreements with the so-called Super Six projects which have a combined installed capacity of 217.5 MW. As per the pacts, the NEA has to pay a penalty if it fails to feed the power generated by the 82 MW Lower Solu and 23.5 MW Upper Solu projects into the national grid through the new transmission line.

“Hence, the NEA will not be responsible for potential losses if the transmission line and substation are not constructed on time by the contractor,” said Ghising.

The power line project needs to erect 303 transmission towers. “Only five towers have been erected so far while the bases of 50 towers have been completed,” said Janardan Prasad Gautam, chief of the project. “We have started work in Siraha and Udayapur districts. However, the main problem we are facing is the use of forest areas that needs to be sorted out as soon as possible.” The transmission line will pass through 22 villages in Mirchaiya in Siraha district to reach Tingla in Solu through Okhaldhunga district. The contractor has pledged to complete the substation in Tingla by December 2018.

Currently, 42 workers are engaged in the construction of the substation; and Ghising has asked that the labour force be increased so that the project can be completed within the timeline. The project was delayed by two years due to controversies over the appointment of a contractor.

The Commission for the Investigation of Abuse of Authority (CIAA) investigated the bid selection process of the Solu Corridor transmission line project suspecting irregularities by the NEA bid evaluation committee. The Lower Solu and Upper Solu hydropower schemes have achieved physical progress of 50 and 85 percent respectively.

Source: The Kathmandu Post; 22 May 2018

Tunnel borer may be used at Dudhkoshi project

Buoyed by the unexpected success of the tunnel boring machine (TBM) at the Bheri Babai Diversion Multipurpose Project, the Nepal Electricity Authority (NEA) has planned to use similar equipment during the execution of the Dudhkoshi Storage Hydroelectric Project which is currently under study.

Managing director of the state-owned power utility Kulman Ghising has directed the consultant to prepare a design for the project including the use of TBM to dig tunnels. Ghising issued the instruction during an inspection visit to the project site on Saturday. The Dudhkoshi project involves digging 13 km of tunnel, and the NEA is keen to use the TBM as it is fast.

The Bheri Babai project is the only project in Nepal where such technology is being used, and the results have been impressive. The project has finished digging more than 38 percent of the 12 km tunnel using the TBM in six months. As of Sunday, 4.62 km of the tunnel had been completed. The TBM will be used at the Dudhkoshi project only after a study shows that it is feasible. "We have asked the consultant to conduct a geological test at the project site where the tunnel will be constructed," said Basanta Shrestha, the NEA appointed project chief. "If the test shows it is all right to use the TBM, we will go for it."

In May 2016, the NEA appointed a joint venture of ELC Electroconsults SPA and NEWJEC Inc to prepare an updated feasibility study and detailed design for the storage project. As per the contract signed with the power utility, the consultant is required to submit the study and design report to the NEA by January 2019. The power utility has asked the consultant to design the project with an installed capacity of 800 MW. Originally, the NEA had conducted a feasibility study for the project in 1998 with an installed capacity of 300 MW. The study reported that the planned project was viable and attractive. However, the NEA plans to develop the project with the higher installed capacity and make it a major project of Province 1.

According to the NEA, Manila-based multilateral lender Asian Development Bank has pledged to provide financial assistance to develop the project. Similarly, the power utility is planning to issue shares to locals. "We are committed to expediting the construction of the project as soon as the study is completed," said Ghising. Locals of Khotang and Okhaldhunga where the project is located are euphoric at the planned construction of a large hydropower project in their area.

"We are eagerly waiting for the construction of the project," said Lila Nath Niraula, chairman of Rawabeshi Rural Municipality in Khotang district. "The project will inundate huge tracts of paddy fields, but it is an acceptable trade-off."

Source: The Himalayan Times; 25 May 2018

NEA, KU sign pact

A 2.4-megawatt hydropower station of Panauti will be developed into a study centre for students of Kathmandu University.

A memorandum of understanding (MoU) was signed between Ram Kantha Makaju, vice chancellor of Kathmandu University and Kul Man Ghising, managing director of Nepal Electricity Authority, to use the power station as study centre. The university will conduct training programme for its students of civil, mechanical and electrical engineering at the premises of the power station.

The university will invest from its own resources for the maintenance and augmentation of the power station, which started commissioning power 53 years ago.

The university will share 10 per cent of the profit generated from the trainings/workshops with NEA.

The MoU will be valid for next 10 years.

Source: The Himalayan Times; 25 May 2018

Govt likely to scrap West Seti deal

Upset with the dillydallying and one after another condition put forth by the Chinese company, the government will most likely scrap the deal of West Seti with China Three Gorges Corporation (CTGC). The memorandum of understanding (MoU) between Investment Board Nepal and CWE Corp – a subsidiary of CTGC – was signed to develop the 750-megawatt West Seti Hydropower Project in February 2012.

CTGC and Nepal Electricity Authority had agreed to form a joint venture company – West Seti Hydropower Project Development Ltd – in November last year, in which NEA would have 25 per cent equity investment, whereas CTGC would hold three-fourth of the stake. The company has to allocate 10 per cent shares to the public. The project was expected to be completed at a tentative cost of \$1.81 billion in 79 months.

However, CTGC, which had signed a joint venture agreement – five years and eight months after the MoU was signed – to start the project within two years, started putting forth various conditions, like capitalising the investment during the time of study, demanding exclusive tariff rates for power produced in wet season, sovereign guarantee of the Nepal government to obtain loan from the ExIm Bank of China, among others.

Against this backdrop, the 29th board meeting of the Investment Board Nepal led by Prime Minister KP Sharma Oli, on March 10, had formed a study committee under the convenorship of then secretary of the Office of the Prime Minister and Council of Ministers, Mahendra Man Gurung, to look into the matter and submit a report within a month. The committee has already prepared the report and submitted it for discussion over the next board meeting of Investment Board Nepal.

According to Gurung, indications are not favourable towards CTGC. The study committee has recommended scrapping the MoU and selecting a developer through competitive bidding or holding negotiations with the Chinese company one more time to reduce the capacity of the hydropower project to 550 to 600 megawatts. The Chinese company had also discussed with the government officials that the project cannot be developed at 750 megawatts due to changes in hydrology in recent years.

The study has stressed on competitive bidding for transparency and expediting the project as the reliability of the Chinese company has already been tested in West Seti.

The next meeting of the IBN will decide the fate of the project, according to members of the study panel.

Source: The Kathmandu Post; 22 May 2018

‘Scrap West Seti deal or slash installed capacity’

BIBEK SUBEDI

A government panel formed to decide the fate of the stalled West Seti Hydropower Project has recommended scrapping the pact signed with the potential developer China Three Gorges Corporation (CTGC) or providing it a second chance to build the plant by slashing its installed capacity. The seven-member committee headed by the secretary of the Prime Minister’s Office will present the options to the board of directors of Investment Board Nepal (IBN) which will make the final decision.

The 750 MW reservoir-type project located in far western Nepal has been languishing in uncertainty after CTGC said it would not go ahead with the scheme if the power purchase rate was not increased. The board of directors of IBN formed the committee last March to suggest possible ways to break the stalemate.

The panel said the government should build the project on its own by coordinating with the provincial government if it scraps the deal with the Chinese company. The second option is to slash the installed capacity to 600 MW as proposed by CTGC more than a year ago, and allowing it to proceed with the project.

During a meeting last year, CTGC officials had proposed decreasing the installed capacity citing a drop in the water level in the river. However, the Nepal Electricity Authority (NEA), the venture partner of the Chinese company in the project, rejected the plan.

A few months ago, CTGC asked IBN to guarantee a rate of return of 17 percent on the project saying it would not be bankable at the power purchase rate fixed by the government. As per the power purchase rate made public by the Energy Ministry in January 2017, reservoir-type projects like the West Seti will get Rs12.40 per unit during the dry season which lasts from December to May, and Rs7.10 per unit during the wet season which lasts from June to November. IBN then decided to take the matter to the board.

West Seti has been in limbo since CTGC subsidiary CWE Investment Corporation and IBN signed a memorandum of understanding to construct the hydropower project in August 2012. It took more than five years to sign a joint venture agreement between CTGC and NEA, the state-owned power utility.

As per the pact, the Chinese company will have a 75 percent stake in the joint venture company while the NEA will hold the rest of the shares. The West Seti Hydropower Project will extend across Baitadi, Bajhang, Dadeldhura and Doti districts, and is expected to generate 2.8 billion units of electricity per year. The estimated construction time of the project, which will have a 207-metre tall dam, is six and a half years. The scheme will cost \$1.8 billion including interest charges incurred during the construction period and \$1.4 billion excluding interest charges, according to the NEA. The two partners will invest in the project through their proposed joint venture company, West Seti Hydropower Project Development Limited.