

Source: My Republica; 11 Aug, 2018

Nepal, Bangladesh ink energy cooperation deal

'Physical connectivity and commercial modality must for energy trade'

KATHMANDU, Aug 11: Nepal and Bangladesh inked a bilateral agreement on cooperation in electricity development, in Kathmandu Friday. This paves the way for opening the market in Bangladesh for Nepal's hydroelectricity as well as bringing in Bangladeshi investment in this sector. Bangladesh, for its part, will meet its energy needs in the face of depleting natural gas, for sustaining its high rate of economic growth.

Under the bilateral agreement, both countries will work on electricity generation, energy efficiency, renewable energy and on building grid connectivity, according to a press statement issued by the Ministry of Energy, Water Resources and Irrigation. The agreement was signed by Minister Barshaman Pun and Bangladesh State Minister for Power, Energy and Mineral Resources Nasrul Hamid.

Under the agreement, entrepreneurs of both countries are to be encouraged to invest in electricity and harness the hydro potential of the region through bilateral, regional and sub-regional cooperation. To implement the cooperation, two bilateral mechanisms will function jointly. A Joint Taskforce co-chaired by the joint secretaries of each ministry will coordinate matters. A Joint Director Committee will review the progress made by the taskforce. Both the mechanisms will meet every year in Dhaka and Kathmandu by turns.

This agreement is viewed as a further development in energy cooperation among SAARC countries as envisioned by the SAARC Energy Framework signed in 2014.

Addressing an interaction on energy cooperation organized in Kathmandu on Friday evening, Minister Pun said, "The cooperation we have entered into will not only serve as an important platform to strengthen our cooperation in power sector but also as a stepping stone in our continuous effort in realizing the aspiration to achieve energy security through regional/sub regional cooperation."

Bangladesh Minister Nasrul said that they wanted to import Nepal's electricity for using more renewables. Both countries have also spoken of initiatives for trilateral energy cooperation with India. Bangladesh has announced a policy of 10 percent renewable energy in its grid by 2021 from the current 3 percent. As its natural gas, which contributes about half its total energy supply, is depleting, Bangladesh has started installations of coal fired power plants.

Meanwhile, experts say that if the cooperation is to materialize, grid connectivity as well as financial modality are key. "Bangladesh is desperately looking for energy to sustain its economic growth but supplying Nepal's electricity to Bangladesh requires both physical grid connectivity and also financial modality for commercial terms of trading," said Bishal Thapa, managing director of Saral Urja Nepal, an energy service company that is into renewables.

Bangladesh has to produce 40,000 MW of electricity by 2030 and 60,000 MW by 2041 to become a middle-income country, according to statistics of the Bangladesh government. According to a media report, if Bangladesh is to increase its GDP by 1 percent it will have to increase electricity generation by 1.5 percent.

Currently, 80 percent of Bangladesh's 160 million people have access to electricity—up from 47 percent in 2009.

Source: My Republica; 14 Aug, 2018

NEA's net income projected to cross one billion

Nepal Electricity Authority (NEA) has said its net income is going to be more than that projected in fiscal year 2016/17.

NEA had targeted to earn net income of Rs 1.01 billion last fiscal year. The country's power utility has claimed that its projected annual net income would increase after the final auditing was done.

The operational income of NEA was Rs 7.86 billion in last fiscal year. The net income is derived by deducting the remaining financial expenditures.

It is stated the NEA has been able to increase its net income due to the success it has gained in controlling power theft, the decrease in the average purchase rate in power import from India and independent power producers, curtailment of administrative expenditure and repair and maintenance, termination of the load-shedding as well as the effective implementation of the financial restructuring. The NEA has made extra income of approximately Rs 4 billion from control in power leakage. The net loss was projected to reach Rs 978.9 million in fiscal year 2015/16. But its net income was found Rs 1.51 billion after the final auditing.

NEA's accumulated loss still stands at 28.12 billion.

"In the NEA's last year's budget we had projected the net loss to be around Rs 2.50 billion. We have been successful in taking NEA to profit thanks to the steps initiated for administrative and fiscal reforms," NEA Executive Director Kulman Ghising said, talking to RSS.

Source: The Kathmandu Post; 14 Aug, 2018

GMR, Bangladesh to sign power purchase pact

BIBEK SUBEDI

Upper Karnali Hydropower, the Indian company building the 900 MW Upper Karnali Hydropower Project located in western Nepal, is close to signing a power purchase agreement (PPA) with the Bangladeshi government to export electricity generated by the plant. Under the PPA, GMR will export up to 500 MW to Bangladesh using Indian transmission lines. GMR and the Bangladesh Power Development Board (BPDB), a statutory body of the Bangladeshi government, have agreed to the commercial terms of the PPA. The BPDB has sent the agreement to the office of the Bangladeshi prime minister for approval, according to a highly placed GMR source.

“After their government approves the commercial terms, we will start negotiating the power purchase rate with the tariff committee, a secretary-level body of the Bangladeshi government,” said the source. “Once the tariff rate is finalised, we will sign the PPA with the Bangladeshi government.” The entire process, according to the source, will take around three to four months.

The BPDB has already signed a memorandum of understanding (MoU) with India’s NTPC Vidyut Vyapar Nigam (NVVN) which will allow it to import electricity generated by the Upper Karnali scheme through the Indian power grid. The understanding was signed during Bangladeshi Prime Minister Sheikh Hasina’s visit to India in April 2017.

As Indian laws don’t allow private developers to export electricity produced in third countries over Indian transmission lines, Bangladesh signed the MoU with the Indian state-owned cross-border electricity trading agency while GMR endorsed the pact as one of the signatories.

The latest development has come as a respite to the Indian developer of the Upper Karnali project which is struggling to arrange funds for the construction of one of the largest large hydropower projects in Nepal. The PPA will help GMR find potential lenders to finance the construction of the project.

Likewise, the PPA will also act as a guiding framework for Nepal to export surplus electricity to Bangladesh that Nepal is expected to produce in a few years. Last week, Nepal and Bangladesh signed a cooperation agreement in the energy sector with the aim of exploring the possibilities of initiating electricity trade between the two countries.

Bangladesh is an energy hungry nation, and it plans to import electricity from neighbouring countries to sustain the high economic growth rate that it has been achieving for the last few years. Also, the price of electricity in Bangladesh is good compared to Nepal and India which will make a large number of hydropower projects in Nepal financially viable, according Khadga Bahadur Bisht, former president of the Independent Power Producers Association, an umbrella organisation of the country’s private hydropower producers.

Source: The Himalayan Times; 15 Aug, 2018

IBN to negotiate with CTGC for the last time

WEST SETI HYDEL PROJECT

Investment Board Nepal (IBN) has invited the China Three Gorges International Corporation (CTGC) — the Chinese company which formed a joint venture with Nepal Electricity Authority (NEA) to develop the West Seti Hydel project — for negotiations regarding the capacity of the project. The board meeting of IBN, led by Prime Minister KP Sharma Oli, on July 17 had instructed IBN to hold a last round of negotiations with the Chinese party to break the impasse.

The CTGC was reluctant to develop the project at 750 megawatt capacity stating that it would not be able to meet the requirement of 35 per cent dry energy while developing the project at the aforesaid capacity.

After this, the board meeting of the IBN, before Prime Minister Oli's visit to China, had formed a committee led by then Prime Minister's Office secretary Mahendra Man Gurung and comprising Joint Secretary of the Ministry of Energy, Water Resources and Irrigation Dinesh Kumar Ghimire and NEA Managing Director Kul Man Ghising seeking recommendation for appropriate alternatives to take forward the project.

Based on the recommendation of the study panel, the IBN agreed to bring down the capacity of the project during negotiations with CTGC.

Maha Prasad Adhikary, CEO of IBN, has said that the dry season energy requirement of 35 per cent of the annual firm power commissioned from the project can be realised, while bringing down the project's capacity to 620 megawatts.

The panel report has recommended IBN to not reduce the capacity of the project below 550 megawatts while negotiating with CTGC.

"We will decide the capacity of the project in between 550 megawatts to 620 megawatts," said Adhikary. "We will try to optimise the capacity at the recommended threshold during negotiations."

The date of the meeting has not been finalised yet, but IBN has corresponded with CTGC to sit for negotiations by the end of August citing that the board meeting of July 17 has asked them to break the stalemate within two months from the board decision.

CTGC and NEA have so far formed a joint venture company (JVC), in which the Chinese party has 75 per cent stake and NEA owns the remaining stake of West Seti Hydropower Project Development Ltd.

The Chinese company has not only been asking for the capacity of the project to be brought down but has also been seeking preferential treatment in power purchase agreement (PPA). It has been asking for foreign currency denominated PPA for 12 years or up to the payback period of the foreign loan, whichever comes first.

As per the PPA policy of NEA, it provides foreign currency denominated PPA in foreign investment projects till the payback period of loan or for initial 10 years, whichever comes first. However, CTGC has been seeking preferential treatment stating that the power off-taker has to treat peaking and storage projects differently in its PPA policy. NEA has fixed rates of Rs 12.4 and Rs 7.10 per unit in dry season and wet season, respectively, for storage projects.

Source: My Republica; 15 Aug, 2018

Nepal Electricity Authority logs profits for second straight year

Brings down system loss by 6 percentage points to 20 percent KATHMANDU, Aug 15: Nepal Electricity Authority (NEA) earned net profit of Rs 1.01 billion in Fiscal Year 2017/18, thanks to drop in electricity loss in supply and distribution, NEA officials say. This is the second consecutive year that the state-owned power utility it has earned net profit after posing loss regularly for over a decade. Its accumulated loss stands at Rs 28.12 billion.

NEA had posted net profit of Rs 1.51 billion in FY2016/17, a significant turnaround from the negative balance sheet of Rs 8.89 billion in FY2015/16.

NEA earned revenue of Rs 60.48 billion in FY2016/17 ending mid-July, up from Rs 51.70 billion a year earlier.

The power utility has managed to bring down its system loss to 20 percent in FY2017/18, down by 6 percentage points compared to a year earlier, data unveiled by NEA on Tuesday shows. This is largely due to the campaign against electricity theft and system loss initiated by NEA Managing Director Kulman Ghising.

The system loss of NEA was 25.78 percent of total energy, or 1359 GWh, in 2015/16 as per the calculation of its revenue mobilized through sale of electricity and total available energy. Such loss came down to 22.90 percent, or 1481 GWh, of the total available energy 6,257 GWh in FY2016/17.

According to NEA, the rise in revenue is also due to the shift in energy consumption pattern. This means big household consumers and industrial consumers used more energy in FY2017/18, indicating a new dimension in the use of energy.

NEA has projected a healthy rise in revenue in the current fiscal year when Kulekhani-3 (14 MW), Upper Trishuli 3A (60 MW) and Upper Tamakoshi (456 MW) starts power generation.

Speaking at a program organized in Kathmandu on Tuesday, Ghising said the future of NEA looks bright. "We can invest our profit to build more hydropower plants by forming subsidiary companies. This way, we won't have to depend on government for resources," he added.

Ghising's demand side management had worked wonder two years ago, relieving people from decade-long chronic power cuts. This was possible after NEA cut power supply through dedicated feeders to dozens of industries and businesses houses, NEA officials say.

Source: My Republica; 16 Aug, 2018

MCA Nepal wants national pride status for three transmission line projects

The Office of the Millennium Challenge Account (MCA) Nepal has proposed to the government to include three electricity transmission line projects spanning a total of 300 kilometers in the list of national pride projects. The office -- the entity for implementing US\$ 500 million grant from the US government -- has corresponded to the National Planning Commission (NPC) for recognizing three transmission line projects -- Lapsipedi-Ratmate-Damauli, Damauli-Sunwal-India border and Ratmate-Hetauda -- as national pride projects.

All these transmission lines are of 400 KVA and are being with total investment of \$ 300 million. Putting these projects into national priority will help the agency to implement the projects in a fast track mode.

These projects will be put into national pride projects as per the bilateral agreement signed between the governments of Nepal and the US, according to officials of Office of the Millennium Challenge Account Nepal.

The transmission lines will be one of the major electricity supply network covering major cities and major hubs of electricity production mainly of Marshyangdi River basin and Trishuli River basin as well as connecting with India with which the government has aimed to trade electricity.

The first meeting of board of directors of Millennium Challenge Account Development Board recently proposed to name these projects as national pride projects. Tulasi Sitaula, national coordinator of Office of the Millennium Challenge Account Nepal, told Republica that the proposal is still under consideration of NPC.

The government has recognized 18 projects, including Budhigandaki Hydropower Project, as national pride projects. But only a few projects like Upper Tamakoshi and Melamchi Water Supply Project have performed better.

The Office of the Millennium Challenge Account Nepal plans to invest the remaining \$200 million in road upgradation projects. The financing for these projects is a compact fund and it should be completed within the time frame of 5 years without any extension.

Source: The Kathmandu Post; 16 Aug, 2018

Government plans to scale down capacity

West Seti hydro project

BIBEK SUBEDI

The government is planning to allow China Three Gorges Corporation (CTGC), the potential developer of the West Seti Hydropower Project, to revise down its installed capacity if the Chinese company shows adequate commitment to execute it. Investment Board Nepal (IBN), the state agency which is implementing the 750 MW project, is planning to put forth the government's proposal before the Chinese developer during a meeting scheduled to be held later this month, according to a highly placed source at the board.

CTGC officials are expected to arrive in Kathmandu later this month to hold final talks with IBN to expedite the implementation of the reservoir-type project located in the far western region.

CTGC had requested IBN to slash the installed capacity of the project to 600 MW citing a drop in the water level in the river during a meeting held more than a year ago. It had said that, if the installed capacity was not cut, the project would not be able to fulfil the minimum energy production requirement of 35 percent of the total energy during the dry season to qualify as a reservoir project and get a higher rate for its electricity.

As per the government's power purchase rate, a reservoir-type project 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. Non-reservoir projects get a much lower rate ranging from Rs4.80 to Rs10.55 per unit for their electricity.

However, the Nepal Electricity Authority (NEA), the venture partner of the Chinese company in the project, had rejected CTGC's proposal saying that the project must be built with its originally planned installed capacity. Subsequently, the Chinese developer informed IBN that it would not go ahead with the scheme with the installed capacity of 750 MW if the power purchase rate was not increased. A recent meeting of the IBN board of directors mandated its management to allow the Chinese developer to proceed with the project with the slashed installed capacity if it shows enough commitment to execute the project. "The upcoming meeting with CTGC officials will decide the fate of the project," said the source.

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 for CTGC and the NEA to sign a joint venture agreement.

As per the pact, the Chinese company will have a 75 percent stake in the joint venture company while the state-owned power utility 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.

Source: My Republica; 17 Aug, 2018

Mujaffarpur-Dhalkebar transmission line comes into full operation

The Dhalkebar charge substation of Mujaffarpur- Dhalkebar transmission line of Dhanusha has come into operation since yesterday night.

“The 220 and 132 KV Dhalkebar substation is the largest transmission line of the country. It came into operation since 11 PM yesterday (Thursday),” Kulman Ghishing, executive director of Nepal Electricity Authority said.

Earlier, Nepal had been importing electricity from India through the 132 KV transmission line of Dhalkebar. It was yesterday that Nepal used the 220 KV transmission line to import electricity. Upon operation, electricity from the 220 KV transmission line has started.

“The operation of Dhalkebar substation is a milestone to improve internal electricity transmission and trade between the two countries,” Ghishing said adding that they were constructing another 400/200 KV substation. “We aim to complete the construction within a year and half.” Construction of 400 KV cross border Dhalkebar-Mujaffarpur transmission line had been completed.

The Dhalkebar substation can be operated and monitored from the NEA’s office in Kathmandu. The substation has two transformers, 160 MVA and 220/132 KV. The NEA believes that the substation will help to meet electricity needs of Nepal during winter. “When the construction of 456 MW Upper Tamakoshi completes, Nepal can sell surplus electricity to India from the same transmission line,” Prabal Adhikari, NEA’s spokesperson said. Around 100 MW of electricity is being imported at the moment. Last year, Nepal had imported 120 MW of electricity from the transmission line during winter. This year, it can import additional 150 MW of electricity.

Source: The Kathmandu Post; 17 Aug, 2018

Power generation to increase by 750 MW

BIBEK SUBEDI

The Nepal Electricity Authority (NEA) has announced that more than 750 MW will be added to the national grid within this fiscal year. According to the state-owned power utility, about half a dozen hydropower projects being developed by its subsidiary and independent power producers will be completed this fiscal year ending mid-July 2019. The hydropower plants that are slated to come online are the 456 MW Upper Tamakoshi, 40 MW Khani Khola-I, 27 MW Dordi Khola, 25 MW Upper Dordi A, 23.5 MW Solu Khola, 25 MW Kabeli B-I, 22.2 MW Upper Chaku A and 22 MW Bagmati Khola Small, among others.

The combined installed capacity of these schemes exceeds 1,850 MW. The hydro projects currently operating in the country have a total installed capacity of around 1,100 MW. Once the hydropower plants nearing completion start churning out energy, the country will not need to import power from India anymore. Nepal doesn't need to buy electricity from India during the wet season that lasts from June to November, according to Prabal Adhikari, chief of the power trading department and NEA spokesperson.

Despite the vast hydropower potential, Nepal suffers from an acute power shortage. Currently, the NEA imports more than 300 MW of electricity from India via more than a dozen cross-border transmission lines during peak hour to meet national demand.

Whether electricity generation will be significantly increased this fiscal year as claimed by the NEA will largely depend on the progress of construction work at the Upper Tamakoshi Hydropower Project being developed by its subsidiary. Although the NEA is planning to complete the construction of the first unit of the 456 MW plant by December and the remaining five units by April 2019, it is likely to miss its completion deadline as the Indian contractor assigned to execute the hydro-mechanical works has been working very slowly. As part of the hydro-mechanical works, the Indian company needs to build gates at the intake of the dam and fit the penstock pipe in the tunnel. Although the contractor is constructing the gates at the intake, it is yet to start installing the penstock pipes. The penstock pipes deliver water from the dam into the turbines in the powerhouse to generate electricity. The NEA has been putting pressure on the Indian contractor to speed up construction, but its performance has not improved.

Slated to come online by July 2019

Hydropower Projects Installed Capacity (MW)

Upper Tamakoshi 456

Khani Khola-I 40

Dordi Khola 27

Upper Dordi A 25

Solu Khola 23.5

Kabeli B-I 25

Upper Chaku A 22.2

Bagmati Khola Small 22

Tallo Hwa Khola 21.6

Lower Modi 20

Upper Solu 18

(Source: Nepal Electricity Authority)

Source: The Rising Nepal; 17 Aug, 2018

Dhalkebar Substation comes into operation

The Dhanusha-based Dhalkebar substation aims to strengthen the in-country transmission system and promote Nepal-India power trade has come into operation.

The country's biggest automated 220-132 KV substation formally came into operation from Thursday night, according to Nepal Electricity Authority (NEA)'s executive director Kulman Ghising.

The import of electricity from India first time via the 220 KV transmission line has begun, following the operation of the substation. Earlier, import of power from India was going on from the 132 KV transmission line.

"The operation of the Dhalkebar substation and strengthening of internal transmission line is a cornerstone in terms of bilateral power trade," NEA chief Ghising said. As stated by him, construction of another 400-220 KV substation at Dhalkebar is underway and it is expected to be completed by one and half year. It may be noted that the construction of 400-KV Dhalkebar-Mujaffarpur transnational transmission line had already been completed.

NEA Spokesperson and Power Trade Department Chief, Prabal Adhikari, said big infrastructure has been readied for the import and export of additional power between the two countries with the substation coming into operation.

The operation and monitoring of the automated substation is possible from Syuchatar –based NEA Load Dispatch Center in Kathmandu. The substation has two transformers and it will be useful mainly during winter when the country needs to import additional power from India.

Source: The Rising Nepal; 17 Aug, 2018

Floods havoc wreak to hydropower projects

Santosh Gautam

Myagdi, Aug 17 (RSS): Two hydropower projects based in Myagdi and Mustang districts have come to closure with the monsoon rain-triggered floods causing damages to the dams.

The recurring floods have disrupted the operation of Thapakhola Hydropower Project (13.6 MW) at Thasang rural municipality-1, Tukuhe in Mustang and 2-MW Tatopani Small Hydropower Project at Annapurna rural municipality-4, Dharap in Myagdi.

Mustang Chief District Officer Shishir Poudel shared that the closure of Thapakhola Hydro following the floods has obstructed electricity supply across the district.

"Maintenance works have been initiated by mobilizing dozers and labourers. However, it may take still more days to bring back the smooth supply of power", he added.

The hydropower had started generating power for the last one year. The shutdown of the hydropower project has affected public service delivery along with the operation of hotel, tourism and industry – the main source of the livelihood of the district.

Likewise, the under construction Tatopani Hydropower Project has also witnessed a grinding halt with the pile up of soil and pebbles emanating from its tunnel in its dam.

Technician Khim Pun shared that the project has come to a closure when the torrential rains swept away the pebbles, soil and wire and piled them along the dam.

There are growing public grievances that the project has not paid any heed to their concerns for the management of disruptive extractives and maintenance of the project.

Landslide survivors to be relocated

The landslide survivors of Guithe and Kavre of Annapurna rural municipality-3 are to be relocated to safer areas. As many as 10 families which are at life-threatening risk of landslide will be taken to the safe zone.

The Beni-Jomsom-Korala road project is to provide corrugated sheets and drinking water pipes to render relief to the victims .