

Source: The Himalayan Times; 9 December 2018

NEA expedites process to sign performance contracts

With a target to control leakage and reduce its loss, Nepal Electricity Authority (NEA) has accelerated the process of signing performance contracts with the chiefs of regional offices and project managers. In this regard, NEA has signed a performance agreement with Om Prakash Mahato, head of the Janakpur regional office and also the chiefs of 16 distribution centres under the respective regional office today. According to NEA, among all the regional offices the Janakpur regional office has the worst track record with regards to power leakage. It had 31.30 per cent power leakage in the last fiscal year and till October this year the power leakage stood at 28.75 per cent.

Meanwhile, Kul Man Ghising, managing director of NEA, has directed all the regional offices to maintain power leakage within 22.19 per cent in the current fiscal year. "We have to decrease the power leakage that is taking place from our distribution centres at the regional and local levels too and for that we need to sign contracts so that heads of respective offices are aware that they need to improve their performance," he stated.

Earlier, NEA management had signed performance contracts with the heads of Biratnagar, Nepalgunj and Surkhet regional offices on December 25, 2017.

Last year, in the first phase, the power utility had said it would sign performance contracts with regional chiefs and in the second phase it would complete the signing process with project chiefs.

As per NEA, it will provide cash incentives to chiefs of distribution centres if they are able to achieve at least 50 per cent of the target regarding loss reduction and outstanding due settlement. The power utility has also stated that those who are able to meet the target will get the opportunity to attend training programmes abroad.

According to NEA, loss reduction, leakage control, reducing administrative expenses, outstanding due settlement and increment in the number of consumers are the criteria of the contract.

Moreover, Ghising himself has also signed a performance contract with the Ministry of Energy, Water Resources and Irrigation to maintain power leakage at around 20 per cent. As per data maintained by NEA, it suffered 22.9 per cent power loss in the last fiscal year. Till mid-July this year, NEA was able to reduce the figure to 20.45 per cent and has set a target to maintain electricity leakage at below 18 per cent by end of the current fiscal year.

"The main reason why we have accelerated the process to sign performance contracts is to enhance the output of our employees, which will subsequently contribute in making NEA a financially strong institution," Ghising stated.

NEA also informed that it will continue with the performance contract system with chiefs of the offices and projects in the future too. Moreover, the power utility has formed a mechanism for regular monitoring of its offices every four months.

Source: The Kathmandu Post; 9 December 2018

18 in race for key posts in Electricity Regulatory Commission

BIBEK SUBEDI

Eighteen individuals, including two former energy secretaries, are vying for the top posts in the Nepal Electricity Regulatory Commission, a powerful body to regulate the country's energy sector.

Five applicants including two former energy secretaries—Anup Kumar Upadhyay and Shree Ranjan Lakaul have submitted their proposals for the position of the chair to a committee headed by Irrigation Secretary Sanjay Sharma. The committee was formed by Energy Minister Barsha Man Pun more than a month ago.

Likewise, 13 other individuals including former and current government officials and experts of the energy sector have applied to become members of the Nepal Electricity Regulatory Commission (NERC), according to multiple sources at the Ministry of Energy Water Resources and Irrigation.

The committee led by Sharma will submit their recommendation to the government for the appointment of a chairman and four members including a woman after evaluating the proposals of the applicants within 21 days. The Cabinet meeting will then name the chairman and the members of the NERC.

Subsequently, the panel will appoint other staff to give full shape to the commission, according to the ministry. Sources at the ministry said Pun has made up his mind to appoint former energy secretary Upadhyay as the chair of the NERC. "It is almost decided that Upadhyay will be appointed as the chair of the commission," said a reliable source at the ministry seeking anonymity. Upadhyay resigned from the position of Energy Secretary on Wednesday so that he could apply for the position of the chair.

The ministry initiated the process to set up a commission to regulate the energy sector, more than a year after an act was passed for its establishment by forming the committee to hire a chair and members for the NERC.

The NERC will supersede the existing Electricity Tariff Fixation Commission and set the charges that customers will have to pay to the Nepal Electricity Authority (NEA), the state-owned power utility. The commission will fix the electricity tariff after holding a public hearing.

The commission will also establish a code that various entities under its jurisdiction will have to follow.

The code will specify standards for the construction of hydropower plants, transmission lines and distribution networks. It will also determine the voltage that will be supplied to customers by the utility.

The commission will also have a full mandate to determine the power purchase rate for the state-owned power utility. At present, the NEA is the sole buyer of electricity in Nepal, and it has been fixing the rate for the purchase of electricity from hydropower projects. Also, the power utility has to obtain the commission's approval to sign power purchase agreements with project developers.

Source: The Kathmandu Post; 12 December 2018

Nepal Electricity Authority agrees to take-or-pay modality

BIBEK SUBEDI

A longstanding dispute between the Energy Ministry and the Nepal Electricity Authority has been resolved with the power utility agreeing to sign power purchase agreements (PPAs) with run-of-the-river hydropower projects under the take-or-pay modality until their combined installed capacity reaches 5,250 MW.

The board of directors of the Nepal Electricity Authority on Tuesday decided to amend all the take-and-pay PPAs signed with run-of-the-river plants into take-or-pay, and sign new pacts under the take-or-pay modality, according to a highly placed source at the authority.

The ministry has been at loggerheads with the power utility over the modality of PPAs for run-of-the-river hydropower projects. The take-and-pay model allows the authority to buy energy from hydro projects as needed and pay accordingly. Under the take-or-pay system, it has to buy the contracted amount of electricity or pay a fine if it fails to do so, exposing the power utility to financial risk if it cannot evacuate and sell the energy produced.

The authority has signed PPAs for around 4,600 MW with various run-of-the-river plants owned by its subsidiaries and independent power producers. Among them, the PPAs for a combined installed capacity of 1,247 MW are in the take-and-pay format. The old dispute flared up once again after the ministry asked the state-owned utility to convert the PPAs to take-or-pay and sign similar agreements for another 650 MW.

Although the Nepal Electricity Authority had been reluctant to adopt the take-or-pay modality, the board meeting chaired by Energy Minister Barsha Man Pun made the decision. The power utility was disinclined to comply with the ministry's order as it would expose it to financial risk due to the absence of proper transmission lines to evacuate and distribute the electricity generated by these power projects.

"Generally, the energy secretary chairs the board meeting," said the source. "The post of energy secretary is currently vacant, and Pun himself presided over the meeting and imposed his decision." According to the authority source, the take-or-pay PPAs for 1,247 MW of electricity means an additional liability of Rs46.55 billion to the power utility and an extra liability of Rs24.26 billion if it signs similar agreements for another 650 MW.

The meeting also decided to request the government to cover probable losses arising from such agreements in the future. The government has not agreed to cover these losses, and the authority's financial health is expected to decline by going for take-or-pay PPAs.

Source: The Himalayan Times; 12 December 2018

World sees huge uptake in sustainable energy policies

Number of countries with strong policy frameworks for sustainable energy more than tripled — from 17 to 59 — between 2010 and 2017, and many of the world’s largest energy-consuming nations have significantly improved their renewable energy regulations since 2010, as per RISE 2018, a new World Bank report charting global progress on sustainable energy policies. Progress was even more marked in energy efficiency, with the percentage of countries establishing advanced policy frameworks growing more than 10-fold between 2010 and 2017. And among countries with large populations living without electricity, 75 per cent had by 2017 put in place the policies and regulations needed to expand energy access.

But as the report makes clear, there are significant barriers to global progress on sustainable energy. While countries continue to be focused on clean energy policies for electricity, policies to decarbonise heating and transportation — which account for 80 per cent of global energy use — continue to be overlooked.

RISE 2018 measures policy progress in 133 countries on renewable energy, energy efficiency, electricity access, and access to clean cooking — the four target areas of Sustainable Development Goal 7 (SDG7), which calls for achieving access to affordable, reliable, sustainable and modern energy for all by 2030. “Policy matters. RISE 2018 confirms the numbers that make it clear that policy is a leading indicator of the world’s sustainable energy transition,” said Riccardo Puliti, senior director for Energy and Extractives at the World Bank. “But the report also contains a warning: That without accelerated adoption of good policies, and strong enforcement, the world’s climate goals and SDG7 are at risk.”

This momentum was particularly marked in renewable energy. Among the countries covered by RISE, only 37 per cent had a national renewable energy target in 2010. By 2017, that had grown to 93 per cent. By 2017, 84 per cent of countries had a legal framework in place to support renewable energy deployment, while 95 per cent allowed the private sector to own and operate renewable energy projects. Over the same period, the share of countries that had put in place national legislation on energy efficiency rose from 25 per cent to 89 per cent.

In countries with an electricity access deficit, policymakers are increasingly turning their attention to off-grid solutions to close the gap. The share of low-access countries adopting measures to support mini-grids and solar home systems has soared from around 15 per cent in 2010 to 70 per cent in 2017.

Source: My Republica; 13 December 2018

NEA to guarantee power purchase from independent producers

A board meeting of Nepal Electricity Authority (NEA) has decided to lift 'take and pay' provision in the power purchase agreements (PPAs) signed with independent power producers.

The NEA's board meeting led by Minister for Energy, Water Resource and Irrigation Barshman Pun on Tuesday decided to guarantee purchase of the electricity or sign PPA in 'take or pay' modality by ending policy of purchasing electricity only when there was a demand for power.

The independent power producers were long lobbying to ensure guarantee of electricity purchase in order to make the projects feasible and bankable.

Minister Pun directed the NEA management to revise the provision considering the generation target of 15,000 MW in ten years as per the government's white paper issued in April.

The NEA can now sign such 'take or pay' PPA until the installed capacity of run-of-river projects reaches 5,250 MW. The NEA has already signed PPA for installed capacity of 3,600 MW of such projects.

Source: My Republica; 13 December 2018

Rasuwagadhi Hydropower Project builds road to Thuman village

HIMNATH DEVKOTA

Rasuwagadhi Hydropower Project, which is in under construction at Timure in Gosaikunda Rural Municipality-2, has completed construction of an 11-kilometer road to Thuman village. The road is a part of the project to build road access to all villages affected by the Rasuwagadhi Hydropower Project. The project had set a target of building 18 kilometers of road in Thuman, Dahal Phedi and Mendo villages. Construction work on the five-

kilometer road section to Dahal Phedi and another two-kilometer section to Mendo have begun, according to Tej Saud, an information officer for the Rasuwagadhi Hydropower Project.

“We are implementing infrastructure projects based on the demand and needs of locals in the project affected villages,” Saud said, adding: “These works come under our Corporate Social Responsibility (CSR).”

Timure and Thuman are the villages affected by the project. Furthermore, the project has also built a garbage dumping side and purchased a tractor for garbage management in these villages.

70 Percent of Works Completed

Nearly 70 percent of works of Rasuwagadhi Hydropower Project has been completed so far. Construction work of the project began in 2013.

According to Project Chief Chhabi Gaire, work on the headrace tunnel, powerhouse and tailrace are going on in full swing.

The project has targeted to generate electricity from all three units from December next year. It will generate 613.87 GWh of electricity annually and earn Rs 12.5 million per day.

Though the project was initially targeted to be completed completely by August 2017, construction work was affected by the 2015 earthquakes and Indian blockade, according to Gaire. “Similarly, landslides triggered by the earthquake affected our construction site. Also, Chinese contractor halted all construction work for four months,” he added.

The project is estimated to cost Rs 13.68 billion. Chilime Hydropower Company owns 33 percent of the shares in Rasuwagadhi Hydropower Project. Similarly, Employment Provident Fund (EPF) and Nepal Electricity Authority (NEA) own 19 and 18 percent of the shares, respectively. General public own 15 percent of shares in the project, 10 percent of shares were distributed to the locals affected by the project.

Likewise, work to build a transmission line from the powerhouse to the Chilime hub has also begun. “Work on 10-kilometer transmission line is also progressing. Power generated by the project will be linked to the 132 kV transmission line,” he added.

Mudbari and JC Company is building the transmission line.

Source: The Kathmandu Post; 13 December 2018

Electricity imports from India during peak hours up 30 percent

BIBEK SUBEDI

Electricity imports from India during peak hours jumped more than 30 percent in the past month following a sharp fall in domestic production due to shrinking water levels in the rivers where a majority of the hydropower plants are located.

The Nepal Electricity Authority imported 482 MW of electricity from India via various cross-border transmission lines on Monday during peak demand. A month ago, the state-owned power utility was importing only 365 MW during this time. On Monday, demand reached 1,170 MW, according to the Authority. Domestic hydropower plants owned by the Authority and private developers generated 688 MW while it imported 482 MW from India to meet the increased demand.

Hydropower projects owned by the power utility generated 445 MW of electricity compared to their total installed capacity of 507 MW, according to its statistics. Power plants owned by private developers produced 243 MW of electricity, well below their combined installed capacity of 520 MW.

As a majority of hydropower plants in the country are run-of-the-river types, their output fluctuates with the water level in the rivers on which they are located. Generation drops sharply during the dry season when there is less water in the rivers. The only power plants with a reservoir are Kulekhani I and II. These two projects generate a combined 92 MW.

According to Prabal Adhikari, spokesperson for the Authority, electricity generation has dropped sharply at the hydropower plants on major rivers due to a fall in the discharge. Generation at the Authority-owned 144 MW Kali Gandaki Hydropower Project, the country's largest plant, has dropped more than 40 percent to 85 MW. The 70 MW Middle Marshyangdi is generating 45 MW and the 69 MW Marshyangdi is producing only 50 MW of electricity.

"When we look at the current pattern of electricity generation from the domestic hydropower plants, it is similar to that of last year," said Adhikari. "As power generation in the country could dip further, we might have to import more from India in the near future."

Last winter, the Authority imported around 500 MW of electricity from India during peak hours when domestic generation dropped by more than half. This winter will not be different in terms of power imports. The utility might even buy more from the southern neighbour as some of the cross-border power lines have been upgraded, enabling it to increase the amount of electricity than can be transmitted.

The Authority had expected to cut power imports from India this winter, but it didn't happen due to delays in the construction of the much-awaited 456 MW Upper Tamakoshi Hydropower Project.