

Source: My Republica; 11 May 2018

TWO PMs jointly lay foundation for Arun III

The prime ministers of both Nepal and India jointly laid the foundation stone for the 900 MW Arun III Hydropower Project on Friday. Prime Minister KP Oli and India's Prime Minister Narendra Modi inaugurated the construction of the project by pressing a button during the bilateral talks in Kathmandu on Friday evening. The project is located in Sankhuwasabha district in eastern Nepal.

Two prime ministers pressed remote-control buttons which unveiled a granite plaque at the project site in Sankhuwasabha. The plaque read that the two prime ministers jointly laid the foundation stone. According to government officials, work to divert the Arun River for building a dam is currently underway.

The export-based run-of-the-river project, which is being built by India's government-owned company Sutej Jal Vidyut Nigam Limited (SJVN), has recently received generation license from the Investment Board, Nepal. The government of Nepal awarded the project through competitive bidding in 2008 and project development agreement with the company was signed after Prime Minister Modi came to power in 2014, particularly after his first visit to Nepal in August 2014.

The project's work at the site in Sankhuwasabha has already started and the Government of India has sanctioned an investment of US \$ 854 million (NRs 91 billion) for the project. This is the largest amount of investment inflow for a single project in Nepal till date. The project's estimated cost is US\$ 1.2 billion. Earlier in February 2016, Oli, during his first term as prime minister, and his Indian counterpart Modi had jointly inaugurated the Dhalkebar-Muzaffarpur cross-border transmission line by clicking a computer button from New Delhi during Oli's India visit. This cross-border transmission line is for enabling two-way power trade between Nepal and India. Nepal is currently importing energy via the transmission line but the line's capacity has yet to be fully utilized due to the delay in the construction of a substation at Dhalkebar in Nepal.

Upper Karnali is another major run-of-the-river project, which will be developed by an Indian firm. The project was awarded through an open competition to Indian private company GMR in 2008 and the Government of Nepal signed a project development agreement with GMR in 2014. But this company has not yet done the financial closure for the 900 MW project, which will be developed in western Nepal.

Source: The Kathmandu Post; 12 May 2018

NEA trying to remove slowpoke contractor

BIBEK SUBEDI

The Nepal Electricity Authority (NEA) has been pressurising Indian company Texmaco, the contractor for the hydro-mechanical works of the Upper Tamakoshi Hydropower Project, to subcontract the task to Austrian company Andritz Hydro as its sluggishness threatens to make the national pride project miss its completion deadline.

Andritz Hydro is implementing the electro-mechanical works of the 456 MW project. The state-owned power utility does not want to fire the Indian firm as terminating the contract and appointing another contractor will take three to four months. In contrast to Texmaco's lacklustre performance, the Austrian company is carrying out the work on a war footing.

According to the officials of Upper Tamakoshi Hydropower Company, a subsidiary of the NEA which is developing the project, they have discussed the issue with the representatives of both companies who have responded positively.

The NEA's senior management is planning to hold a tripartite meeting with the representatives of both contractors soon and finalise the deal. "This is the only way to complete the project on time," said an NEA official.

Lately, the Prime Minister's Office and the Energy Ministry has been putting pressure on the NEA to complete the project on time. As per the deadline set by the government, at least one out of the plant's six units should start generating electricity by December 2018, and the entire project should be completed by April 2019.

Although the civil and electro-mechanical contractors will have no problem meeting the deadline, the Indian contractor is yet to start fitting the penstock pipe, which is the most challenging task in the hydro-mechanical component. The penstock pipe conveys water from the reservoir to the turbines to generate electricity.

Work began at the project in Dolakha before the 2015 earthquakes, and 79 percent of the civil works had been completed before the disaster struck. The quake and subsequent Indian trade blockade held up tunnel construction works.

The national pride project was originally scheduled to be completed in mid-July 2016, but it was delayed due to various technical and social issues. It faced cost overruns due to the delays. The project has spent Rs37.71 billion and completed 95 percent of the work so far.

According to NEA sources, the total cost of the project is likely to exceed Rs50 billion, significantly higher than the initial estimate of Rs35.3 billion. Nevertheless, the project is considered to be a role model project which is being developed with domestic resources and a high level of participation by project-affected locals and the general public.

Source: My Republica; 12 May 2018

Renovation of Bhotekoshi Hydro to take another year and a half

The 45 megawatt Bhotekoshi Hydropower Project, whose construction was hindered time and again because of natural disasters that hit the project one after another, will possibly take one and half more years to come into operation.

The renovation of the project, onsidered to be the largest constructed by the private sector, is underway so that the plant can come into operation by the end of 2019.

The project devastated by the flood that hit the site on July 5, 2016 as a result of the bursting of a lake in Tibet is being renovated since the past six months according to Bikram Ratna Sthapit, chief executive officer of the Bhotekoshi Power Company Pvt Ltd. "The project is being constructed at a very fast pace. However, it will take one and half years for the project to complete," said Sthapit.

He added that Sino-hydro is working on the reconstruction of the project after securing a tender of Rs 5 billion. However, as they have to work on the development of other infrastructures along with the said contract as well, the reconstruction bill for the project has swelled to Rs 7 billion, added Sthapit.

The flood greatly affected the dam site and the power house, causing the reconstruction of the project to equal initial construction bill.

Before this, the construction work was affected by the 2015 earthquakes followed by the floods and landslides last year, halting construction work and affecting newly constructed infrastructure.

Sthapit told Republica, "Although the 3.3 kilometers of tunnel was not affected by the floods, the calamities caused damage in electromechanical infrastructures over civil infrastructures. So the reconstruction work will be lengthy." He added, "The construction cost was itself high. But as we also have to dismantle the damaged parts, the construction cost will increase."

When 80 percent renovation work after the earthquake damages were completed with an investment of US\$ 25 million, the project was again hit by the floods causing even more disturbance than what the earthquake had caused.

Source: The Kathmandu Post; 13 May 2018

Energy Ministry-IBN row resurfaces at Arun III event

BIBEK SUBEDI

The long-standing dispute between the Energy Ministry and the Investment Board Nepal (IBN) has resurfaced, as Energy Minister Barsha Man Pun remained conspicuously absent from an event organised by the board on Friday to mark the laying of a foundation stone of Arun III Hydropower Project. Indian Prime Minister Narendra Modi, who was on a two-day visit to Nepal, and his Nepali counterpart KP Sharma Oli jointly laid the foundation stone of the 900MW project being developed in Sankhuwasabha district from a remote location in Kathmandu.

Talking to the Post, Pun's close aide said the minister was not invited at the event organised by Prime Minister's Office.

The source further said Pun was also not invited at the bilateral talks between the two sides where other ministers were present. While this development has surprised officials at the Energy Ministry, Pun is unhappy with the handling of the matter by the Prime Minister's Office.

The minister was not invited at the event as the project was being implemented by the IBN, sources close to Pun said. According to them, Minister Pun was not amused when the IBN board meeting—chaired by PM Oli—authorised its CEO to grant generation licence to Arun III project. Pun is of the view that awarding of licence falls under the ministry's jurisdiction and IBN's role should be limited to arranging funds for project development.

“It seems PM Oli is undermining his Energy Minister,” said the source. “He will soon raise the issue with Oli.”

The IBN and the ministry have been at loggerheads over the implementation of hydropower projects with an installed capacity of more than 500MW. Earlier in December 2017, a dispute flared up between the two sides after the IBN asked the ministry for the implementation rights for the 688 MW Betan Karnali and 617 MW Bheri-1 hydropower projects in western Nepal, claiming that it held the sole authority to execute schemes with a capacity of 500 MW or more. In a letter to the Energy Ministry in December 2017, the IBN had asked the ministry to send the documents of the two hydropower projects whose survey licences were issued by the ministry. Subsequently, the Energy Ministry decided to consult the Law Ministry before reaching a decision.

The Law Ministry said that the Energy Ministry had the sole authority to issue survey licences for hydropower projects, and that issuing such licences would not impinge on IBN's jurisdiction nor violate the provisions of the Investment Board Act.

Again in March 2018, the board demanded the original files of all 500 MW-plus hydropower projects that are currently being monitored by the ministry. The IBN wrote to the Energy Ministry asking it to submit the files within 15 days after getting the go-ahead from the 29th IBN board meeting chaired by PM Oli.

Source: The Kathmandu Post; 13 May 2018

900MW project launch elates Sankhuwasabha folk

DIPENDRA SHAKYA

Sankhuwasabha locals are elated after Indian Prime Minister Narendra Modi and PM KP Sharma Oli on Friday remotely laid the foundation stone for the construction of Arun III Hydropower Project in the district. A large number of locals, who were present at the dam site to watch the video of Modi and Oli laying the foundation stone at an event organised in Kathmandu, cheered the moment. The event has given hopes to the locals of implementation of the project, which will provide employment opportunities for a large number of people in the region. Durga Bahadur Parajuli of Num, Sankhuwasabha, said they were happy at the developments. "Now, there will be no need for us to go abroad seeking employment," said Parajuli. "The developer must give priority to locals while hiring workers."

Local residents also urged the Indian joint venture SJVN Arun-3 Power Development Company to complete the project on time. SAPDC CEO Satish Kumar Sharma promised to complete construction of the 900MW project by 2022.

Investment Board Nepal (IBN) on Thursday granted the licence to SAPDC to generate power from the project. IBN awarded the permit in line with the decision of the 30th meeting of its board of directors chaired by PM Oli on April 28. SAPDC has hired a contractor to implement the first package of civil works that include construction of a dam, and diversion, headrace and intake tunnels. The contractor has mobilised a team to the dam site. The project developer is in the process of hiring contractors to build the powerhouse and transmission lines, and to execute the electro- and hydro-mechanical works. The IBN and the SJVN signed the project development agreement in November 2014. The project was supposed to start energy generation by 2020 but the delay in acquiring forest land affected works.

The project has completed major tasks like acquisition of private land and is in the process of acquiring forest land. According to the IBN, Nepal will receive Rs348 billion over 25 years from the project.

The project developer will also provide 21.9 percent of the total energy generated free of cost, which is worth Rs155 billion, plus another Rs107 billion in royalties.

Source: The Himalayan Times; 14 May 2018

Nepal is totally load-shedding free

Nepal Electricity Authority (NEA) has declared the nation as load-shedding free from Monday. The three hours of load-shedding that the industries had to bear with has also been removed from today which has made the country totally load-shedding free, said Kul Man Ghising, managing director of NEA. NEA will be able to sustain the supply during winter as well as the 456-megawatt Upper Tamakoshi Hydroelectric Project will start generating power by the end of this year and some private sector projects will also be completed, as per Ghising.

Till date, the power utility had been cutting electricity to industries for three hours a day during peak time to meet the domestic demand from available electricity supply.

NEA had announced elimination of load-shedding for domestic users from mid-April 2017. The power utility has taken various measures to optimise available electricity by controlling leakage and encouraging the use of LED lights, among others.

Currently, the peak time load is around 1,300 megawatts whereas supply stands at around 1,073 megawatts. Electricity generation from snow-fed rivers falls to one-third of the installed capacity of run-of-the-river hydropower plants and most of the hydroelectricity projects are of this type.

Elimination of load-shedding in the industrial sector is expected to boost industrial output. Capacity utilisation of Nepali industries picked up in the last fiscal as electricity supply to industrial units improved.

As per NEA, 80 per cent of the total electricity supplied is being consumed by domestic users and the industry sector consumes only eight per cent of the total electricity.

Source: The Himalayan Times; 14 May 2018

Private sector hails elimination of load-shedding

The private sector has hailed the tireless efforts of Nepal Electricity Authority that resulted in elimination of load-shedding in the industrial area from today. The NEA had announced that the country had become load-shedding-free from today after ending the three hours of power cuts that its industrial clients had had to endure until now.

Issuing a press statement, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) said that the industrial sector will benefit from the regular supply of electricity from today, which will increase the capacity utilisation of industries, bring down the cost of production and ultimately boost industrial output.

Industries were facing rolling blackouts since the last decade due to mismatch in demand and supply of electricity. Industries were operated for certain hours through diesel generators, which resulted in escalation of production cost. Moreover, the power cuts had an adverse impact on the lifespan of the machinery in the industries.

Before eliminating load-shedding from industrial areas, the power utility had minimised the load-shedding to three hours-a-day. FNCCI has expressed its belief that the share of manufacturing in gross domestic product would take a leap from existing dismal 5.4 per cent along with reliability in power supply.

NEA had announced elimination of load-shedding for domestic users from mid-April 2017.

FNCCI, in its statement, has said that the assurance of regular power supply will create enabling environment for expansion of industries and businesses.

Since the industrial load-shedding was minimised from 2016, industrial output has gradually picked up, according to a study carried out by the Nepal Rastra Bank. The study carried out in major industrial blocks, namely, Kathmandu, Biratnagar, Birgunj, Janakpur, Pokhara, Butwal, Nepalgunj and Dhangadi had revealed that the average capacity utilisation of industries in fiscal 2016-17 stood at 57.3 per cent against 48.2 per cent in 2015-16. Industrial GDP in fiscal 2016-17 recorded double digit growth, according to the central bank report.

As per NEA, 80 per cent of the total electricity supplied is being consumed by domestic users and industrial sector consumes only eight per cent of total electricity.

Source: The Rising Nepal; 15 May 2018

IIPB gives approval to Chinese company to invest Rs 14 billion in Super Sanjen

Chinese investment is flowing in one after the other in the energy sector in Nepal in recent days. In this connection, a meeting of the Industry and Investment Promotion Board (IIPB) under the Department of Industries has recently given approval to a Chinese company to bring in investment of Rs 14 billion in a hydropower project to be constructed in Parbatikunda rural municipality in Rasuwa district.

The Chinese company is bringing in investment in collaboration with a Nepali promoter. Salasungi Power is to construct the 78 Megawatts capacity project. The powerhouse of this project will be constructed about 500 metres above the Sanjen Hydropower Project site. The Sanjen hydropower project is being constructed by the Sanjen Hydropower Company Limited, a subsidiary company of Nepal Electricity Authority.

Salasungi Power Company Ltd had acquired permission for the construction of this 78-Megawatts capacity hydropower project three years back.

The Nepali investor will have eight per cent investment while the Chinese investor, China Harbour Engineering will have 92 per cent investment in the hydropower project with a total investment of 15 billion 227 million rupees. The promoter of the project Salasungi Power has conducted all study regarding the project.

According to the project, construction of the 48.8 megawatts project has started at the border of Dolakha and Ramechhap with Chinese investment of Rs 9 billion.

Infrastructure development and construction of a road that leads to the project and a bridge is underway. Chinese Chongqing Water Turbine Works Co. Ltd has undertaken physical infrastructure works. The contract was signed on March 14.

Investment of Super Madi approved

The Ministry of Industry has granted permission to bring in foreign investment of Rs 8.09 billion in the Super Madi Hydropower Project located at Madi rural municipality of Kaski. The Himal Hydro is going to construct the 44 MW-project.

Information Officer of Department of Industry, Durga Prasad Bhusal, said that the trend of bringing the foreign investment in hydropower project has increased in recent period. He said, "The Department gives permission to all the foreign investment brought completing all process." Investment equivalent to Rs 150.79 billion has been brought in towards hydropower sector till the date of current fiscal year.

According to the Department, some 1,608 people would get employment if the investment is brought as per the commitment.

Source: My Republica; 15 May 2018

Scheduled power outages formally comes to an end

With the formal declaration to end power outages in industrial sector from Sunday, load-shedding that crippled daily life of people, industries and overall economy for over a decade and a half has come to an end.

The decision means industries can now operate round the clock. Issuing a statement on Sunday, NEA said that improvement in power generation by run-of-river and peaking power plants due to surge in water levels in recent weeks enabled it to end load-shedding. The efficient management of peaking power plants, which can store water during daytime and nighttime and run in the peaks hours of evening and morning, use of Kulekhani plants, and import of electricity from India enabled the power utility to announce uninterrupted power supply to industrial sector as well.

Power supply in NEA's system was in surplus after Kaligandaki 'A' Hydropower Project started generation in 2002. Thereafter, NEA even held discussions to increase energy consumption by introducing seasonal tariffs. But the surplus remained for only two years as other under-construction plants saw time overruns particularly because of decade-long Maoist insurgency which ended in 2006. The country gradually entered into the cycle of acute power crisis with people facing up to 18 hours of power cuts in 2009.

NEA's campaign of ending power cut, which started in October 2016, has finally become successful. All the kudos goes to Kulman Ghising, the chief of the power utility, and his team. Ghising's experience in demand side management worked wonders to reduce power cuts during the main festive season of Dashain and Tihar of 2016 when energy demand hits peak.

"We were not sure ourselves that we would be able to make uninterrupted power supply on the evening of Laxmi Pooja in 2016. It was an experiment," Prabal Adhikari, the spokesperson for NEA, told Republica. "The success on that day showed that we can end load-shedding very soon."

Buoyed by its success in Kathmandu, NEA gradually ended load-shedding in other cities like Pokhara and Biratnagar.

It has already been proved that people who helmed NEA in the past imposed lengthy power cuts to serve vested interests of few individuals and industries. Ghising's predecessors were providing uninterrupted power supply to industries, taking hefty amount from them, imposing load-shedding for as long as 18 hours.

NEA officials say it is too early to comment whether they can continue uninterrupted power supply during winter season when water levels in rivers reduce, affecting power generation.

"We cannot assure you now that there will be no power cuts in the dry months. But it can happen if things go as per our plan," said Adhikari.

NEA is planning to import more electricity from India by adding cables on Raxaul-Parwanipur and Kataiya-Kushaha transmission lines. Similarly, projects having combined installed capacity of 661 MW are expected to come into operation this year. NEA's plan also includes starting energy banking -- a mode of electricity exchange -- with India to meet the deficit during dry months.

PRIVATE SECTOR ELATED

Industrialists and private sectors have welcomed the announcement of the NEA to end power outages to the industrial sector starting Sunday.

Issuing a statement, Federation of Nepalese Chambers of Commerce and Industry (FNCCI) said that the announcement will help industrial enterprises to increase their production capacity. FNCCI has demanded that the NEA do the needful for improving quality of energy supplied and end erratic supply altogether.

Likewise, President of Confederation of Nepalese Industries, Hari Bhakta Sharma, said that uninterrupted power supply is a basis for growth in industrial production, and making industrial

enterprises more competitive. "This now paves the way for attracting more investments. But the country also needs to make further reforms to improve investment climate," he added.