

The 400 kV Dhalkebar-Muzaffarpur 140 km Transmission Line

Eight Years of Indo-Nepal Labor and Still No Fruit¹

SB Pun

Abstract: About eight years ago, in mid-2006, the Minister of Water Resources Gyanendra Bahadur Karki took the initiative to develop Indo-Nepal cross-border high voltage transmission lines for mutual benefit. As a result, in January 2007, Nepal Electricity Authority (NEA) and Infrastructure Leasing & Financial Services (IL&FS) signed an MOU for the construction of four 220 kV cross border transmission lines. The Butwal-Gorakhpur and Duhabi-Purnea interconnections were slotted for immediate construction in the first phase. Nepal's short term aim was to rid itself from load shedding during the dry season and, in the long term, create an environment to attract national and international investors to develop Nepal's hydropower.

After eight years of Indo-Nepal labor at three Power Exchange Committee (PEC) meetings and four Joint Committee on Water Resources (JCWR) meetings, the Butwal-Gorakhpur and Duhabi-Purnea interconnections were laid aside and a special purpose vehicle was established for a 400 kV Dhalkebar-Muzaffarpur (D-M) transmission line. Contrary to the vision of the January 2007 MOU, the construction of the D-M line came attached with a special condition: that NEA enter into a Power Sale Agreement with the Power Trading Corporation of India for the purchase of 150 MW of power for a 25-year period. NEA concluded this power sale agreement on 12th December 2011 with the 150 MW power scheduled to be delivered by June 12, 2015, 42 months after signing of agreement. At the 6th JCWR meeting of November 2011, Nepal pointed out that the **draft MOU on Interconnections and Cross-border Power Trading** had already been sent to MEA (India's Ministry of External Affairs). But two years later at the 7th JCWR meeting of January 2013, India informed Nepal that 'the process **would take a little more time in spite of continuous follow up because the proposed MOU was a new idea to the concerned agencies** of Government of India.' With only 18 months remaining for the scheduled delivery of 150 MW power, Nepal has recently awarded Tata Projects Ltd. the contract for constructing the 40 km Dhalkebar to Nepal portion of the D-M line. The contract for the 100 km Muzaffarpur/India portion of transmission line is reportedly soon to be awarded. However, India has still not yet given its official concurrence to the **MOU on Interconnections and Cross-border Power Trading**. This article will chronicle the PEC and JCWR dialogues about the D-M line attempt to analyze the intricacies of Indo-Nepal power trading and suggest a way forward for mutual benefit of the two countries.

Key words: Cross boarder power trading, Dhalkebar–Muzaffarpur, Transmission line, Power Exchange Committee Nepal, India

Foreword: 2006 AD was a momentous year for Nepal. Politically, it ushered in the so-called Spring Revolution and ushered out the 240-year old monarchy for the much heralded federal, republic, and democratic New Nepal. On the energy-power front, the Nepali Congress-led government, with Gyanendra Bahadur Karki at the helm of Water Resources Ministry (MoWR) made a number of important decisions to attract foreign investors to the power sector and eliminate the torturous 7-8 hours of load shedding per day during dry season. Among Minister Karki's major controversial decisions was the awarding of 300 MW Upper Karnali and the 402 MW Arun-III to Indian conglomerates, GMR and Sutlej Jalvidhyut Nigam, respectively, through competitive bidding. Minister Karki's other far reaching decision was to initiate development of four high voltage cross-border transmission lines between Nepal and India, working with India's Infrastructure Leasing & Financial Services (IL&FS) and Power Trading Corporation (PTC).

Thus, on 5th January 2007 amidst much fanfare and media coverage, NEA and IL&FS signed² the MOU at Kathmandu for four 220 kV lines to be built by joint venture companies of NEA and IL&FS: 1) Anarmani–Siligudi, 2) Duhabi–Purnea, 3) Dhalkebar–Muzaffarpur,

and 4) Butwal-Gorakhpur. The joint venture company in Nepal was envisaged³ to have 50% equity from NEA and 26% from IL&FS with the remaining 24% provided by national and international financial institutions. Similarly, in the joint venture company of India,⁴ NEA could invest the same amount of equity that IL&FS had invested in Nepal. A press release for the MOU categorically stated that the first phase construction works on the Duhabi-Purnea and Butwal-Gorakhpur⁵ interconnections would start immediately⁶. The press release also hoped that completion of these interconnections would not only resolve the prevailing imbalances in Nepal's demand and supply, but also create a conducive environment for national and international investors to develop Nepal's hydropower.

That was January 2007. Now fast forward seven years to January 2014: the agreed construction of the Duhabi-Purnea and Butwal-Gorakhpur interconnections have been brushed aside for the much-publicized and much-delayed 140 Km Dhalkebar-Muzaffarpur (40 km in Nepal) 400 kV interconnection (upgraded from 220 kV). The estimated cost⁷ of the 40 km Nepal portion is \$US 20 million (\$500k per km) while the much longer 100 km portion in India will cost approximate \$US 32.00 million

(\$320k per km). This article recounts the decisions made at the official Indo-Nepal talks during the last seven years regarding that Cross-Border Interconnection and analyzes why Nepal has failed to attract national and international investors for its hydropower development.

Cross-border High Voltage Inter connections at Power Exchange Committee (PEC) and Joint Committee on Water Resources (JCWR)

It is necessary to chronicle how the two officials Indo-Nepal bodies, the Power Exchange Committee (PEC) and the Joint Committee on Water Resources (JCWR), perceived and dealt with that much-hailed MOU on cross-border high voltage interconnections. While India's PEC team is led by a Member (Power System) of the Central Electricity Authority (CEA) and an ex-officio Additional Secretary from the Government of India (GOI), the Nepalese team is led by NEA's Managing Director⁹. Similarly, while India's JCWR team is led by the GOI Water Resources Secretary, Nepal's Energy Secretary leads the joint Water Resources committee as the Water Resources Ministry has been conveniently dumped⁸.

a) At the Indo-Nepal CEA/NEA Level Power Exchange Committee (PEC)

At the 8th PEC meeting in June 2007 in Kathmandu, though there was no agenda on the four Cross-border Interconnections MOU, which had been concluded earlier that year. At that meeting, NEA's Managing Director⁹ referred to the establishment of joint venture companies 'to put in place cross-border transmission links with a view to facilitate trading of power between the two countries on long term basis.'

The MOU of January 2007 stated that construction of interconnections would not only cater to the present supply and demand problem of Nepal but would also attract national and international investors to Nepal's hydropower development. Nepal hoped that these four interconnections would quicken the pace of hydropower development. The joint venture company was termed a special purpose vehicle (SPV). One is tempted to query about the merits of such SPVs over the standard practice of each country constructing transmission lines in its own territory to a mutually agreed point. One is not certain whether this SPV hands over its assets or not, like in Build Own and Transfer after expiry of the license.

At the 9th PEC meeting in August 2009 held in New Delhi, IL&FS informed that '*D[etailed] P[roject] R[eport]s for the Indian portion and Nepalese portion of the cross-border 400 kV Muzaffarpur-Dhalkebar D/C line (to be operated at 220kV) between India and Nepal were ready and he expressed India's readiness for implementation of the line from both sides, provided the PPA for the import of power by Nepal from India through PTC and the transmission service agreement (TSA) would be signed by the NEA and IL&FS. The*

Nepalese representatives also stated that they were examining whether it would be financially viable for them to sign the PPA and TSA.'

The MOU of January 2007 categorically stated that in the first phase construction on the Butwal-Gorakhpur and Duhabi-Purnea interconnections would start immediately. This was rightly envisaged by Nepal as it would provide access to both the northern grid via Gorakhpur and the eastern grid via Purnea. Two years later in August 2009¹⁰, counter to the 2007 MOU, the Dhalkebar-Muzaffarpur interconnection to the eastern grid raised its ugly head. Nepal was denied interconnection to the far larger and faster growing northern grid, which was unfortunate because Nepal's hydropower potential is far greater in the western region than in the east. More intriguing was the conditionality attached to the construction of the Dhalkebar-Muzaffarpur interconnection: it read '*provided PPA for the import of power by Nepal from India through PTC be signed by NEA.*' Note that these conditions were not dissimilar to those required by the World Bank and ADB: PPA for 'import' of power by Nepal and 'Not export' of power to India and through no other agency than Power Trading Corporation - a Government of India undertaking! In the 1995 controversially aborted 201 MW Arun III project, such conditionality were minutely examined and each of the threads laid bare by the powerful anti-Arun NGOs.

At the 10th PEC meeting of December 14-15, 2011 held in New Delhi, the head of the Indian delegation welcomed attendees, saying that '**India has an open electricity market**, which [has been] functioning efficiently for over last five years and [that] **Nepal may take advantage of the competitive prices for buying and selling for bulk trade of power** between Indian and Nepal.' At that meeting the Nepalese delegation reported that '*Power Sale Agreements (PSA) between NEA and PTC had been signed for import of 150 MW for 25 years. The Implementation and Transmission Service Agreements (ITSA) had also been signed between NEA and Cross-border Transmission Company (CPTC) and between NEA & Power Transmission Company Limited (PTCN), Nepal. The Share Holder Agreement (SHA) was expected to be signed shortly. The Nepalese side [also] informed the gathering that the Nepal portion of the line would be completed within three years.*' India informed that the concerned Regional Load Dispatch Centers (RLDC) would be the nodal agency for all power trading transactions between Nepal and India.

The PEC minutes mention India's open electricity market and that Nepal should take advantage of that open market for buying and selling bulk power. This is in theory only, however. In practice, India would choreograph her huge market in such a manner that it would be extremely difficult for non-Indian IPPs to get an access to that market. Consider the eight-year hassle that NEA is undergoing for establishing cross-border power trade Interconnections for a mere 150 MW over 25 years for import only. The length of terms is questionable.

Nepal's import of 150 MW power on a 'take or pay' basis (not dissimilar to Khimti and Bhotekoshi) for a 25 year period could have been justifiably negotiated over a shorter, say, 10 year period until a reservoir plant would be commissioned. Unfortunately, Nepal has given away her valuable base load of 150 MW to India for an unduly long 25 years. When the two IPPs, 60 MW Khimti and 36 MW Bhotekoshi, came online in early 2000, NEA's power plants had to back-down her generation (spill water) to accommodate the two IPPs' 'take or pay' condition.

At that 10th PEC meeting of December 2011, Nepal handed to India a **draft MOU for the Interconnection and Power Trading Agreement**. Nepal also requested a second high capacity cross-border line. India explained that for injecting power into Indian grid, 'NEA would need to apply to CTU of India (i.e. PowerGrid), as per the regulations and procedures of the CERC. The Nepalese side agreed to work out the details of possible export potential, its time frame, and export points, and accordingly apply to CTU seeking connectivity and Long Term Access (LTA) for injecting power into Indian grid.'

There are two important issues in the minutes of this 10th PEC meeting. One is Nepal's request to India for a second high capacity interconnection between Butwal and Gorakhpur. The 2007 January MOU had categorically stated that the Butwal-Gorakhpur interconnection was to go into construction 'immediately'. But as mentioned earlier, this Butwal-Gorakhpur interconnection was sidelined very early. The second important issue is the necessity for Nepal to apply to India's CTU, as per its regulations, for injecting power into the Indian grid. This is where the choreographing comes into play and this is why India is 'examining' the Draft MOU on Interconnection and Power Trading Agreement for two long years.

b) At the Indo-Nepal Secretary Level Joint Committee on Water Resources (JCWR)

At the 4th JCWR meeting of March 2009 held at New Delhi, the Nepalese side informed that 'the special purpose vehicle (SPV)' formed for construction of the cross-border transmission line from Dhalkebar to Muzaffarpur was finding it difficult to raise commercial funding for the Indian portion of the transmission line. They requested the Indian Government to extend support to facilitate timely construction of the transmission line in the Indian territory to allow it to import power from India. Indian side noted the request.'

Even at the Secretary level JCWR meeting, there was no mention of the January 2007 MOU that categorically stated the immediate construction of Butwal-Gorakhpur and Duhabi-Purnea interconnections were to begin immediately. Instead one is puzzled by Nepal's Water Resources Secretary¹¹ requesting support from India as the special purpose vehicle failed to raise commercial funds. This was the duty of joint venture partner IL&FS, as a Government of India undertaking, to request

support from their own government. It should not have been necessary for Nepal's Secretary to plead on behalf of IL&FS. An already IL&FS-informed India merely 'noted' Nepal's request.

At the 5th JCWR meeting in November 2009 in Pokhara, the leader of the Indian delegation referred to Prime Minister Madhav Kumar Nepal's visit to India and appreciated Nepal's willingness to 'develop 25,000 MW of hydropower in next 20 years.' In the aftermath of PM Nepal's official visit to India, 'the Nepalese side proposed three new interconnection facilities, namely, Kataiya-Duhabi 132 kV, Raxaul-Birgunj 132 kV and Farbesgunj-Biratnagar 33 kV...the impact study of these interconnections is being taken up by CEA...It was felt that once the 400 kV Muzaffarpur-Dhalkebar interconnection [was] completed, the proposed 132/33 kV interconnections would become redundant and therefore investment on these lines may not be justified.'

At the Pokhara JCWR meeting¹² of November 2009, India appreciated Prime Minister MK Nepal's '25,000 MW in 20 years' plan. Some, therefore, quickly deduced that this '25,000 MW in 20 years' mantra originated not in Nepal but India. However, it is indeed sad that in the aftermath of Prime Minister MK Nepal's visit to India, Nepal's request for various 132 kV and 33 kV interconnections were justifiably torpedoed by India as being 'redundant' once the Muzaffarpur-Dhalkebar interconnection would be commissioned. As usual, Nepal failed to do her homework properly.

Two years later, at the 6th JCWR meeting of November 2011 held in New Delhi, the Nepalese side informed that 'the Implementation and Transmission Service Agreement (ITSA) between NEA and concerned Joint Venture Transmission Companies i.e. CPTC and Power Transmission Company of Nepal (PTCN) and Power Sale Agreement (PSA) between NEA and PTC have been initialed.... the Share Holder Agreements would be made shortly.' Regarding Nepal's request for the second cross-border high capacity transmission link between India and Nepal, the Indian side informed the gathering that the 'link would be planned based on system requirements and depending upon the quantum of transfer of power and its time line.'

By November 2011, Nepal, due to the burgeoning specter of load shedding, was forced to sign the 25-year 150 MW power purchase and transmission service agreements with the concerned Indian agencies. On Nepal's belated request for the second cross-border link via Gorakhpur, India's carefully-worded minutes stated 'based on system requirements... depending on the quantum of transfertime line.' There is great vagueness and room for interpretation in this simply worded minute!

At the same 6th JCWR meeting of November 2011, the Nepalese side stated that the '**draft MOU on interconnections and cross-border power trading**' had already been sent to MEA (India's Ministry of External Affairs). The Indian side informed

that ‘the MOU would be **examined and comments/ observations will be conveyed soon.**’

With load shedding increasing by leaps and bounds, even in the wet season, Nepal was naturally very keen to have this interconnections and Cross Border Power Trading Agreement finalized as early as possible. But India was in no hurry at all, taking time to carefully ‘examine’ the Agreement and promising to send the ‘comments/observations... soon.’

At the 7th JCWR meeting of January 2013 held at Kathmandu, the Nepalese side ‘brought to the notice of JCWR that despite sincere effort from both sides, the implementation of first 400 kV Dhalkebar-Muzaffarpur Cross-border Transmission Line, which was meant to develop and operate in commercial mode, is *taking longer time; and also that the capacity of line has already been exhausted even before implementation.*’ The Nepalese side, therefore, proposed ‘*a second cross-border line connecting Gorakhpur of India and a suitable location near Bardaghat of Nepal.*’ The JCWR decided that the Nepalese side should prepare a concept paper and send it to the Indian side for review.

In desperation, at the 7th JCWR meeting of January 2013, Nepal finally minuted that the 400 kV Dhalkebar-Muzaffarpur Cross-border Transmission Line, despite the avowed commercial mode operation, is ‘*taking a longer time.... capacity of line has already been exhausted...*’ After a seven-year labour, Nepal finally displayed her frustration about the commercial mode operation of the Indo-Nepal special purpose vehicle and even conceded that the capacity of the 400 kV line had been exhausted!

India, to the dismay of Nepal, merely brought to the notice of JCWR that ‘the process would take little more time¹³ in spite of continuous follow up because the proposed MOU is a new idea to the concerned agencies of Government of India.’

Diplomatically, India sent a message that Nepal’s draft on the Cross Border Power Trading Agreement was being examined minutely. India could well afford to toy around with this proposed ‘new idea’, fully aware that Nepal, with increasing public pressure to mitigate load shedding, would be forced to concede to an agreement more palatable to India. Similarly, India skillfully forced delay on Nepal’s second cross-border interconnection to Gorakhpur by asking Nepal for a concept paper. As of this writing, this is the current of the much-heralded January 2007 MOU on the four cross-border high voltage interconnections from the Indo-Nepal Secretary level JCWR meetings.

Final Word

Like Nepal, Laos is a land-locked hydropower rich country. Like India, Laos’s next door neighbor, Thailand, is badly in need of hydropower. With growing global liberalization of power sector, Laos and Thailand signed an MOU in 1993 to trade 1,500 MW of cross-border power. This power trade MOU has now been

successively increased to 5,000 MW until 2015 with an additional 2,000 MW after that period. Such an umbrella agreement attracted international investors to invest and construct export-oriented hydropower projects in Laos (*214 MW Theun-Hinboun, 126 MW Houay Ho and the 1,070 MW Nam Theun 2 - all commissioned*) with the necessary cross-border transmission lines. Thailand’s 2013 installed capacity, both public and private, is around 33,000 MW. Yet, without any hesitation, it had the foresight to sign a 7,000 MW cross-border power trade MOU with Laos.

India’s 2012 installed capacity is 200,287 MW¹⁴. Yet, despite the Government of India’s 2001 decision¹⁵ to increase the Indo-Nepal quantum of power exchange from 50 MW to 150 MW, she had no qualms about backtracking¹⁶ by skillfully re-interpreting that power over 50 MW would be exchanged at the much higher ‘commercial tariff rates’. Such skillful Indian (mis) interpretations have been a perennial problem for Indo-Nepal relations, be it on treaties, MOUs or other agreements. While the 200,000 MW strong India hesitates to increase its power capacity a mere 100 MW, the 33,000 MW strong Thailand boldly moves forward with 7,000 MW of power trade MOU with Laos.

Now, take another case of the Four Border Project (India, Bangladesh, Nepal and Bhutan) initiated by the US-aided South Asia Regional Energy Initiative (SAREI) a decade ago. In the first phase, the Four Border Project envisaged cross-border power trading of only about 100 MW. This was essentially a confidence building measure to kick-start regional power trading. Though Bangladesh, Bhutan and Nepal were very keen, India, the kingpin linking all four borders, expressed disinterest bordering on displeasure. Despite being US-aided, the project met an untimely death. Likewise, for over two decades, much has been written, particularly in Nepal, on the utility and advantages of the SAARC grid, first proposed 30 years ago. But not a single decisive step has been made toward making the grand SAARC grid a reality. Another example is the meeting at the United Nations of landlocked countries clubbing together to demand ‘*third party transit access for electricity trading*’ like any other goods. Nepal was forced to back out of this group when the Indian delegate threatened ‘*unpleasant consequences*’¹⁷ if Nepal continued to demand this transit access.

The above are flavors of how India has been choreographing, not only power trading and hydropower development of Nepal but, the entire spectrum of water resources development. Therefore, a strong lobby recommends that Nepal replicate India’s model of hydropower development in Bhutan. This in essence translates to developers, consultants, contractors, equipments etc. all from India and India alone! On Nepal’s present pathetic state in the power sector, Nepal’s own academics¹⁸ continue to harp ‘*policy constraints, financial constraints, regulatory constraints, institutional constraints, transmission line constraints, etc. etc.*’ It is Nepal’s own private sector¹⁹ that has finally

arrived at the conclusion that if India does to Nepal what Thailand has done to Laos (*sign the 7,000 MW umbrella power trade agreement*) then practically all the constraints to Nepal's hydropower development will vanish. This single policy reform could result in a win-win situation for both countries. But some water pundits are quick to query: 'Is India really interested in Nepal's hydropower or her glacial-fed water?'

To conclude, the January 2007 MOU for the four cross-border high voltage interconnections with the Butwal-Gorakhpur and Duhabi-Purnea links going into 'immediate construction', has over the seven-year period has traveled a circuitous and cumbersome path. Surprisingly, the Butwal-Gorakhpur link to the northern grid and the Duhabi-Purnea link to the eastern grid were declined in favor of the single Dhalkebar-Muzaffarpur link to the eastern grid. For reasons best known to the authorities, the NEA/IL&FS joint venture special purpose vehicle ballooned with two more public sector undertakings of India, Power Grid and Satluj Jalvidhyut Nigam. India's fourth public sector undertaking, Power Trading Corporation (PTC), is already in the Vehicle as the nodal agency with whom NEA has concluded the 150 MW power purchase agreement for 25 years. India has given the message that it wants its public sectors to lead and dictate the Indo-Nepal water resources development. India's emerging private sector has been, for the time being, sidelined as untouchable Dalits in this scramble for Nepal's water resources.

Again for reasons best known to the authorities, this 150 MW PPA was made the pre-condition for construction of the Dhalkebar-Muzaffarpur interconnection. This interconnection has sadly become one-way import traffic, contrary to what the January 2007 MOU had envisaged as two-way cross-border import/export traffic. It is still very murky how this special purpose vehicle will function when the much anticipated India-export era begins. With Tata Projects Limited being awarded the 40 km Nepal portion of the Dhalkebar-Muzaffarpur interconnection in December 2013, NEA authorities are optimistic that 150 MW of power from India will flow into the Nepalese grid starting June 2015. In fact, they are more worried about the timely construction of the 40 km Dhalkebar/Nepal portion rather than the 100 km Muzaffarpur/Indian portion. Ultimately, the proof of the pudding will, of course, be in the eating - that is, June 12, 2015, the Scheduled Delivery Date²⁰ of 150 MW by PTC to NEA.

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Foot Notes:

1 This is in stark contrast to the 1,133 km Tala-Delhi 400 kV

Transmission line started in 2003 and commissioned on July 31, 2006 when Bhutan's 1,020 MW Tala power was synchronized to the Northern Grid. Interestingly ADB provided a US\$ 62 million loan to establish the first public-private transmission line joint venture: Powergrid 49%, Tata Power 49% and Tata Sons 2% on Build-Own-Operate and Transfer (BOOT) basis for 30 years. It is amusing why Nepal and India did not follow this BOOT model.

- 2 NEA MD, Arjun Kumar Karki, and IL&FS MD, DK Mittal, signed the MOU.
- 3 By March 2011, the shareholding structure transformed to NEA 50%, IL&FS reduced to: 10%, financial institutions of Nepal reduced to: 14% and the 26% bulk given to Powergrid India.
- 4 Shareholding structure as of March 2011 IL&FS: 38%, Powergrid India 26%, Satluj Jalvidhyut Nigam: 26% and NEA 10%. Note Satluj Nigam, the public sector undertaking and not the private sector, has grabbed a substantial 26% shares in this Special Purpose Vehicle.
- 5 As part of the Butwal-Anandanagar (near Gorakhpur) 132 kV interconnection, NEA's award of the Butwal-Sunauli 132 kV construction contract had to be terminated when India indicated it was not in a position to construct the Sunauli-Anandanagar interconnection.
- 6 See NEA Vidyut Barsa-17, Anka 2, 2063 Falgun issue.
- 7 One is amazed by the inequities in the cost of Nepalese and Indian portion of the interconnections!
- 8 Dumped in mid-2009 during the tenure of Prime Minister MK Nepal to create two Ministries (Energy and Irrigation) for the Nepali Congress stalwarts, Dr. PS Mahat and BK Khand. This dumping of Water Resources Ministry created a controversy during Prime Minister BR Bhattarai's tenure as to who should lead Nepal's delegation to India-Nepal Joint Ministerial Commission on Water Resources (JMCWR) to New Delhi on 15th February 2012. The cobbled Bhattarai government endured the tussle royal between the Energy Minister, Post Bahadur Bogati and Irrigation Minister, Mahendra Yadav.
- 9 Arjun Kumar Karki.
- 10 Dr. Jivendra Jha was the NEA MD.
- 11 Shankar Prasad Koirala was the Water Resources Secretary in March 2009. But by November 2009 his ministry had been divided into separate ministries of Energy and Irrigation by the Madhav Kumar Nepal-led CPN-UML/Nepali Congress/Madhese government. Interestingly, the incumbent Water Resources Secretary opted to be placed in the Ministry of Energy and not Irrigation. At this point of writing, SP Koirala holds the important portfolio of Finance Minister in the Khil Raj Regmi-led Interim Government.
- 12 Interestingly, Rakesh Sood, Ambassador of India to Nepal, participated as an Indian member in the 5th JCWR meeting of November 2009 at Pokhara. Normally, Counselors (Commerce) from the Embassy of India at Kathmandu participate at the JCWR meetings and ambassadors participate only as Special Invitees. But the importance of the agenda at the 5th Pokhara JCWR meet necessitated Sood's presence and vital decisions pertaining to the establishment of Pancheshwar Development Authority were taken. Ironically, Nepal did not send Shri Sood's counterpart to Pokhara as Prime Minister MK Nepal due to the feud over the loaves and

fishes, did not feel the necessity to have his ambassador at New Delhi itself!

- 13 Various reasons are alluded to for this 'little more time' of over two and half years for India's Ministry of External Affairs to 'examine and comments/observations...conveyed soon' to Nepal's Draft MOU on Cross-Border Interconnection for Electric Power Trade. The most plausible reason is that India's MEA is miffed with the Nepal proposed Draft MOU. Reliable sources indicate that this MOU was drafted with the assistance of international consultants provided by the World Bank. This has, hence, rubbed India's MEA the other way!
- 14 India Power, April-June 2012: coal based 132,013 MW, hydropower 38,991 MW, renewable 24,503 and nuclear 4,780 MW.
- 15 The exact minutes of the 6th PEC meeting of 16th-18th January 2001 at Kathmandu stated: The Indian side conveyed that the Government of India had agreed in principle to enhance the quantum of power exchange between the two countries from 50 MW to 150 MW. Indian delegation led by KN Sinha, member (Planning) Central Electricity Authority and ex-officio Additional Secretary/GOI and Nepalese delegation by BB Malla, MD/NEA.
- 16 The minutes of the 8th PEC meeting of 7th-8th June 2007 at Kathmandu stated: The additional power over the energy corresponding to peak import of 50 MW by Nepal would be at market determined commercial rates outside the existing power exchange tariff. The signatories to this minute were V Ramakrishna, Member (Power System), CEA and Arjun Kumar Karki, MD/NEA. When Nepal at the 9th PEC meeting of August 2009 at New Delhi attempted to retrieve its 150

MW position, India insisted that she was ready to help Nepal 'provided that supply of power beyond 50 MW....should be on commercial principles.' At the 10th PEC meeting of December 2011 at New Delhi, while Nepal requested the increase from 50 MW under PEC mechanism, India explained that due to power deficit of 300 MW in Bihar 'any increase under the PEC mechanism would not be possible.' Strangely Nepal fails to reiterate the decision of Government of India in January 2001 at the 6th PEC meeting.

- 17 SN Upadhyay. 2012. International Water Courses Law and a Perspective on Nepal-India Cooperation, Ekta Books, Kathmandu.
- 18 Dr. KR Dhungel and P Rijal. 2012. Investment Prospects & Challenges for Hydropower Development in Nepal. Samriddhi, The Prosperity Foundation.
- 19 Money/Kathmandu Post, December 21, 2013 quotes Saurya Rana, General Secretary of Nepal-India Chamber of Commerce and Industry as saying that approval of the Umbrella Power Trade Agreement would help expand bilateral power trade.
- 20 According to reliable sources, in the event of default by NEA leading to termination of Power Sales Agreement then NEA has to pay Power Trading Corporation of India Rupees 6 million per MW of the contracted capacity of 150 MW - i.e a grand Rs 900 million!
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