

An Interview with Mr. Kul Man Ghising

Managing Director
Nepal Electricity Authority



In light of ongoing discourses, at present, on prevailing energy crisis and its management as well as the hydropower development in Nepal, HYDRO Nepal Journal felt this timely to review and assess the present energy scenario of Nepal. HYDRO Nepal takes pleasure in presenting an interview with Mr. Kul Man Ghising, Managing Director, Nepal Electricity Authority, with Mr. Upendra Dev Bhatta, Editor-in-Chief of HYDRO Nepal Journal.

Since energy is the backbone of any economy and provides vital services to the people and our INPS is based on hydropower; how do you assess the present Nepal's energy scenario?

It is true that energy in any form is the backbone of economy. Our energy system i.e. INPS, is based on hydropower. However, we have not been able to harness the huge hydro potential of the nation resulting in acute energy crisis that has caused negative impact on the economic growth as well as inconveniences to households' consumers. Nature's blessing in the form of own corned mountains, ample rainfall and favorable topography make Nepal rich in Hydropower potential. We just need to have competent and committed leadership, technocrats and sound energy policies with sustainable and effective implementation.

Hydropower has been recognized as the future lead energy sector for Nepal. However, despite large hydro potential, Nepal has become dependent on ever increasing imports of fossil fuels and electrical energy from India. What is NEA's plan to reduce this dependency while harnessing its indigenous hydropower potential?

The GoN has recognized all the hydropower development project as national priority project. And all the major political parties and leadership, beaucrats, general public, international donors' communities etc are committed for Nepal's hydropower development. But, due to various reasons, we are not able to utilize this potential resulting to energy deficit and load shedding due to which various substitute mechanism enter the market to fill the energy gap in the form of import fossil fuels and alternative energy solutions.

However, the import of energy from India is for crisis management and give and take mode when there is requirement in either side. Since the hydropower is the future lead energy sector for Nepal, our focus and long term goal is to make Nepal self-sufficient in hydroelectric power with exporting the surplus energy in future. And NEA's center attention has been to plan and develop our hydropower potential in that order. NEA finally understands that seasonal import at peak time gives the optimal solution to our INPS operation until sufficient peaking and reservoir projects come in operation.

What is NEA's plan and program to minimize and/ or eliminate the load shedding in the long run forever? And what is your assessment on importing electrical energy from India to reduce load shedding?

The demand and supply situation of energy in Nepal does not match due to shortage of supply of electrical energy. Present peak energy demand in Nepal is much higher than supply. And most of our hydropower plants are based on Run-of-River (RoR) and Peaking RoR except the only reservoir based Kulekhani I and II HEPs with 60 and 32 MW respectively. The supply of energy becomes tough during the dry month with decreasing water discharge in the rivers.

However, present energy management shows that the energy supply can be managed to meet the surging demand to some extent with efficient and optimum operation of INPS and existing plants, optimum use of peaking capacity of our HEPs, equitable distribution of available energy sources, rigorous loss reduction measures, and of course import from India, as crisis management.

We are hopeful and working toward the target to make Nepal, a load shedding free nation within a year.

Completion of some HEPs are lingering with time and cost overruns where as the nation is reeling under severe energy deficit affecting domestic, commercial and industrial sectors. How the NEA is planning to ascertain the commissioning of these projects?

Yes, that is true. It has been the common practice in Nepal that the projects are prone to time- and cost overrun in the past due to various reasons, not alone the technical reasons. Now, not only NEA but the prime focus of GoN has been to complete the under construction HEPs, Chameliagad, Kulekhani III, Upper Trishuli 3A, Upper Tamakoshi, including the transmission line to evacuate the generated electricity. The recent visit by PM and energy minister indicates the commitment of GoN to ascertain the commissioning of these ongoing projects. Speedy decision making in contractual and local issues in several generation projects has helped in resuming the work on Upper Tamakoshi, Trishuli 3A, Chameliagad, Kulekhani III, Rasuwagadhi, Sanjen and Middle Bhotekoshi Projects. In the same manner, transmission line projects also have been speeded up.

The concept of NEA unbundling has been a discourse since long time. And has been quite a while resulting implication on NEA's long term planning and execution. What is your opinion on formation of new companies, i.e. Grid, TL, Engineering power purchase etc., by GoN?

Yes, NEA unbundling has been a discourse since long time. Though internal unbundling has been done, so far, by the creation of business groups within NEA to act as business entity. The long gestation period of unbundling has its negative implication on NEA's long term planning and implementation whether in preparing its Corporate Development Plan or sustainable operation of NEA in commercial basis.

Now, it is high time to actually launch organizational restructuring and internal unbundling so that NEA will have right and concrete direction to move on with future plan and project in order to make Nepal self sufficient in energy. Hence, GoN/ NEA is moving in creating new companies for hydropower generation, transmission, power trade and engineering consultancy services etc.

The ongoing experiences in our projects have indicated that generation projects are more successfully implemented on company model with distribution of equity shares to other deserving companies/institutions and shares to local people of the area and general public.

NEA deals with the services that is vital for household to national economy where people are ready to pay for the services and where demand surpasses supply. And it is for NEA to render that service to the public. So, how can such a public utility be in deficit? What is your observation in this regard?

This is a valid question. The simple business principle suggests that where there is demand, there is supply. Energy is vital for any kind of activity from households' chores to industrial initiatives. It is true that NEA deals with such a vital services with monopoly power in Nepal. And it is ironical that such an organization suffers from severe financial deficit. So, as our leadership, the Minister for Energy, GoN, has expressed its target publicly to make NEA a profit earning utility. NEA's prime responsibility is to provide reliable and quality electrical energy to the consumers. In the same manner, NEA's financial health must be in good shape in order to discharge this responsibility. So, now onward, we are focusing and delivering our efforts toward achieving this target.

The business entity goes in loss due to various reasons including inefficient operation, poor management, uncommitted leadership etc. In NEA case, since it is an technical utility, it has its inherent limitation in terms of technical system losses, as well as other leakages, pilferage, arrears, time and cost overrun of projects etc.

The infrastructure to distribute power in Kathmandu valley is limited to 400 MW. We cannot create demand and supply energy beyond that capacity. It's a bottleneck. Now, we are working on the plan to make this system to 2000 MW with underground cabling and use of smart

meters as a pilot project in Kathmandu. Once, we are done with this plan and program and added generation from upcoming projects, we are hopeful that the usage of electrical energy will surge creating robust income for the NEA.

Besides, we are working to minimize the system losses and control pilferage, effective program for arrears, and proper management of projects to control time and cost overruns.

How did you manage the load balance of energy from Laxmipuja of 2073 to the peak winter month of Poush 2073?

This is the question I am asked by media and general public in numerous occasion. Since I am NEA cadre and spent more than 22 years in the organization, I relied on my experiences and knowledge base on how NEA functions and operates. I did not do anything big. I just tried to manage NEA system in more efficient manner whether it is optimum generation from existing HEPs, effective operation of transmission and distribution system, demand side management, equitable distribution of available energy to all including household to industrial consumers and, of course, importing energy from India for crisis management. This is a simple example of resource optimization. That's all.

Leadership also means taking risk for the better result. Yes, I took the calculated risks on the day of Laxmi Puja (the festival of lights), the holiest festival of all Nepalese people, to try not to shed load on this very day. This is the day of Nepal's peak energy demand in a year. We, along with our NEA's committed and experienced officials and staff tried and succeeded. This experience has given us two important outcome, one with the picture of Nepal's actual peak demand of energy, and other the uninterrupted power supply during that particularly day has encouraged us to try to eradicate the load shedding from Kathmandu valley and Pokhara.

Looking from the supply side of energy, you must have been under tremendous pressure to manage load. How did you do that?

Yes, that's true that we have tried to manage the available energy to its optimum usage for our valued consumers'. It is not that we have abundant of energy available. We have only about 800 MW installed capacity in our system including contribution from and multi fuel plants. And the generated capacity goes further down up to one third of total installed capacity during the dry season. Since, our system is operated in 10 isolations where the demand for energy is fluctuated frequently. That's where we focused on to balance the demand and supply situation as per requirement of daily hours.

We, the NEA family, are trying to do our best with good intention under the strong and committed leadership of Energy Minister and the GoN to rendered uninterrupted supply of energy that is vital to any activities including households' chores to industrial initiatives.

From our perspective, it appears that Nepali hydro development has been hindered by institutional incongruities, policy instability and a lack of coordination among the major stakeholders'. What are your experiences so far?

Yes, that is true to some extent. Nepal is passing through critical phase of transformation in its political history. We are facing frequent changeover of the government. This kind of environment will sure to have impacts on the quality of governance in the country resulting to lack of coordination and institutional incongruities between the government agencies.

But, my experiences within short period in my position in this aspect is little bit different. We have experienced that government agencies are fully cooperating NEA in its mission to make the country load shedding free nation and ultimately self-sufficient in energy. It implies that sincere action with fruitful result can drive and obtain positive feedback and support from all corners. Be it Ministry of Finance, Ministry of Forest or any other government organization, NEA is getting full support in its activities.

What are your experiences in dealing with trade unions in NEA?

The positive role of trade unions is very important for mass bargaining for the betterment of its declared agenda. In NEA, our trade unions have played constructive roles in the past. And it is, but, natural that we do have conflicts sometime. However, we have to play our roles according to our position, but, with the sole focus on rendering the services for which NEA is established for. Sometimes, trade unions are critical of my performance, but that is very helpful feedback which I would like to appreciate .

Lastly, would you like to convey any final message to the readers of HYDRO Nepal?

First of all, on behalf of NEA, I would like to extend my thank you to the HYDRO Nepal team for giving me this opportunity to express my views through the journal. As you said HYDRO Nepal Journal is in the mission to promote the country's indigenous water resources and hydropower development for the benefit of all, I think we are in the same boat. I would like to request to all to support our positive initiatives and give feedback and suggestions to improve the energy situation in the nation.

In addition, we all the stakeholders should move on in a coordinated and integrated approach to achieve our goals.

Thank you.

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