

Korean Company Intends to Invest in Andhi Khola (180MW)

Korean Government owned Korea Hydro and Nuclear Power Co. Ltd (KHANP) desires to invest in 180 MW Andhi Khola Storage Project in Nepal. The company intends to jointly develop the project in association with Nepal Electricity Authority (license holder) (NEA) of the Project.

NEA has already carried out feasibility study of the project. The company has proposed upgrading jointly the feasibility study to attract international financing, selling the generated electricity to NEA. It has proposed that NEA should construct the required transmission lines.

KHANP is operating 27 plants in Korea which consists of Nuclear and Hydro plants totaling 23,060 MW. Further, it is constructing 9460 MW hydro, two pumped storages, seven nuclear plants. The company is worth 26.60 billion US\$. It has won the electro- mechanical, and hydro- mechanical contract of Chamelia HEP 30 MW, owned by NEA.

Chines firm eyes West Seti Project

China Three Gorges Corporation (CTGC), one of the world's largest hydropower developers, has written to the Prime Minister's Office expressing its interest in investing in West Seti Hydro-Project (WSHP-750 MW) the country's largest reservoir-type hydropower project initiated 16 years ago. West Seti Hydropower Limited, which was licensed to construct the project, was unable to rope in investors for 16 years. It finally withdrew from the projects two months ago.

The estimated cost of the project is \$1.2-\$1.7 billion and most of the preliminary work such as Environmental Impact Assessment and Detail Engineering Report have already been prepared. CTGC has also offered its help in getting funds from the Chinese government for the project.

Energy efficiency audit helps factories cut costs

FACTORIES have been doing energy efficiency audits (EEA) to control power leakage and save on energy costs with load-shedding hitting their productivity. The EEA is being implemented by the Industrial Energy Management Project (IEMP) under the Ministry of Industry. The ministry has been running the project since 1998. In the last 10 years, 150 factories in Balaju and the Patan Industrial Estate have implemented energy saving measures with the help of the IEMP. Currently, the IEMP is implementing the EEA at Alka Hospital, Kalika Dairy, Valley Poly Tank and Shree Krishna Brick Factory. "Similarly, 15 factories in Butwal are also interested in implementing the EEA," said Kamal Manandhar, project chief of the

IEMP. The EEA is concerned with energy management to control wastage in the production process. Under the EEA, special care is taken to save energy by maintaining a natural lighting system, using proper wiring, reducing radiation losses and increasing kiln efficiency. A natural lighting system suggests constructing infrastructure which allows the maximum use of daylight instead of using electric lamps for lighting. Similarly, proper wiring recommends the proper size of the wire and devices like transformers to use in the production process. Likewise, radiation control seeks to prevent heat loss through a proper air conditioning system inside the production plant. The EEA also suggests using different insulating substances like silica bricks and fibreglass that helps to centralize the heat generated inside a kiln. Industry is the biggest consumer of power in the country, absorbing 40 percent of the electricity produced. According to Manandhar, many factories are paying a high price for energy due to leakage during the production process.

Source: The Kathmandu Post, 27th May 2011

NEA, power developers engage in blame game

KATHMANDU: What is hindering hydropower development in the country? Private power producers blame the low Power Purchase Agreement (PPA) rate. Nepal Electricity Authority (NEA), however dismisses this, saying hydro developers get about 18 per cent of net profit, which is more than enough. PPA rates exist — a flat rate for projects below 25 MW and negotiated rate for projects higher than 25 MW. Private power developers have been demanding negotiated rate for projects below 25 MW too, but NEA has rejected the proposition.

"When NEA wanted to fix the PPA rate on the basis of cost analysis, power developers lobbied and forced us to go for a flat rate. We are ready to work on the basis of cost analysis rate, but they don't agree. Even NEA is not happy with the flat rate," said Sher Singh Bhat, Director, Power Trade Department, NEA.

"On the one hand, they increased 20 per cent; but on the other, they reduced the number of escalations for developers from nine to five times. So it's unfair," said Gyanendra Lal Pradhan, a power developer.

Earlier, NEA provided escalation on PPA rate nine times at three per cent each year, but last week's decision increased the rate by a flat 20 per cent but reduced the number of escalations.

The flat rate is not fair as PPA should be done on the basis of individual projects, but a few non-serious developers provoked the issue and made it flat and that has been affecting the entire system," added Bhat.

"This is a serious issue but private developers want a very high flat rate, which will benefit only a few developers with licence for good projects. This is not appropriate as a higher PPA rate puts undue pressure on consumers

who have to pay higher electricity bill,” said Bhat.

The private sector, on the other hand, says no developer will go for projects at the present rate.

But NEA says power developers enjoy monopoly as they don't have to compete in any phase of hydropower development.

Source: *The Himalayan Times*

Hydropower Development Company Established

Hydropower Investment and Development Company, which will provide loan to hydropower project developers or invest in the projects directly has been established with company's authorized capital of Rs 50 billion; whereas, paid up and issued capital are 30 billion and 10 billion respectively.

“Though we have enough water resources, we have failed to generate required energy. The new company will be a milestone in the development of hydropower in the country,” said Prime Minister Jhala Nath Khanal at the launching ceremony. “At a time when government-owned financial institutions have failed to operate properly, we must learn from our past mistakes and work for the betterment of the country. This institution will be untouched by politics and it will ensure sustainability and development,” said Energy Minister Gokarna Bista. The company will have autonomy to decide on investment and selection of hydro projects. “The management team and the staffers will be selected after stiff competition,” informed Bista.

The company has a mandate to invest in the hydel projects of the capacity of more than 25 megawatts, but PM Khanal urged the ministry to permit the company to invest in small projects above 5 MW. *(It is very strange on the term for projects size to be greater than 25MW for eligibility for loans – Editor)*. “We have huge possibilities on small hydel projects,” said Prime Minister Khanal.

Source: *The Himalayan Times*

Govt Scraps West Seti (750MW) licence

License of West Seti Hydropower Limited, which was licensed to construct the 750MW hydropower project has been scrapped. The Australian promoter of the project is the Snowy Mountain Energy Corporation. For the last 16 years it was unable to rope in investors and the agreement of the company was amended 10 times. The Asian Development Bank and China EXIM Bank that had earlier expressed their interest to invest in the project later said they would not. The estimated cost of the project is \$1.2 to 1.7 billion and most of the preliminary works such as Environmental Impact Assessment and Detail Engineering Report has already been prepared.

The message from this event may have wide repercussions. It may give negative impression for the international investors. It may be deduced that Indian market

is not open for power export from Nepal, especially if it is not developed by Indian Companies. Nepal has lost 16 years of valuable time and the developer claims that it had already spent 30 million US dollars on studies and preparation. Further, the people of the proposed submerged areas and downstream areas were deprived of any development works for last 16 years. - Editor

Source: *The Himalayan Times*

Rural Electrification (RE) Department to be Established

Energy Minister Mr. Gokarna Bista inaugurating 6th annual function of Federation of Community Electrification Users Association said that a Department will be established within a few days. He informed that it is the responsibility of the State to supply electricity in the villages. The cost sharing of 80%:20% will be reduced to 90%:10% to intensify of the RE. This will reduce burden of cost sharing to the users. There is a budget of 520 million rupees for RE in this fiscal year. Ex-Water Resource Minister Mr. Deepak Gyawali is of the opinion that it is possible to electrify all places by generation by private sector, transmission/expansion by Govt. and distribution done by the community.

Electricity Losses to be Reduced

Nepal Electricity Authority, Nepal has announced an ambitious plan to reduce electricity losses in the system from 29% to 20% within six months. Avoidance of 9% of loss is equivalent to generation of 63MW of electricity. Further, various ministries and govt. agencies have not paid electricity dues which comes to 660 million rupees. A notice has been published to clear the dues within 15 days. Energy Minister Mr. Bista declared that he will personally lead a team to cut off lines of the Govt. Ministries in the Singh Durbar Complex which have not clear their dues.

Sharma appointed MD in NEA

Dipendra Nath Sharma, Technical Joint Secretary at the Ministry of Peace and Reconstruction is appointed as the new MD of Nepal Electricity Authority (NEA) for four years. A committee formed under the coordination of former commissioner of the Commission



for the Investigation of Abuse of Authority Surya Nath Upadhyaya had recommended Sharma's name for the post. There were 20 aspirants for the post. It is for the first time that an NEA chief has been selected through open competition.