

## Pradhan and Adhikari Honoured



Mr. Baram Pradhan, Chief Advisor of HYDRO Nepal and past President of Nepal Hydropower Association (NHA) and Mr P.P Adhikari, past President NHA were felicitated by NHA on the occasion of its AGM in recognition of their outstanding and valuable contribution rendered to the development of Nepal Hydropower Association (NHA) and overall development of hydropower in Nepal. The AGM took place on 24 Dec. 2010 in Kathmandu. Some members expressed concern that NHA has not been able to make its presence strongly felt in hydropower sector.

## Sediment Workshop 2010

The 6 days long Sediment Workshop with the theme “Sediment Management for sustainable Development of Hydropower” was started in Kathmandu on 15 November 2010. The workshop was jointly organized by the International Centre for Hydropower (ICH), Norway and Hydro Lab Private Limited, Nepal (HLPL). This workshop was planned in three parts involving theory, practical exercises and field trip to the headwork of Middle Marsyangdi Hydropower Plant, Nepal that gives a strong base for any engineering training and studies. There were 21 participants from 7 countries. They were from India, Iran, Kenya, Nepal, Norway, Pakistan and Sri Lanka representing Universities, Consulting Firms, Construction divisions, Private Power Developers, Electricity Authorities, and Government Organizations.

Dr. Meg B. B i s h w a - k a r m a, the General Manager of HLPL highlighted the need for paying more attention in the planning and design of



hydropower plants planned to be built in the steep sediment loaded rivers, as the developed theory and guidelines are not adequate to address the hydraulic and sediment related problems in such rivers. Prof. Dr. Haakon Stole from NTNU, Norway, gave a keynote lecture on “A new framework for flow and sediment gauging networks”

highlighting the value of sediment and flow measurement in the development of water resources projects. The inauguration program was chaired by Mr. Tore S. Jorgensen, the Director of ICH, Norway. Mr. Jorgensen highlighted that the workshop location is ideal as the whole South Asia region has been facing challenges in dealing with the sediment induced problems while developing the water resources for their economic development.

## Study on Corruption in Water Sector

A half day Workshop Nepal Water Integrity Network (WIN) Study was undertaken on November 30, 2010 in Kathmandu which was jointly organized by Jalshrot Vikas Sansthan (JVS)/Nepal Water Partnership and the WIN. Scoping report was presented in the workshop by Mr. Per Ljung, Consultant, PM Global Infrastructures, Inc. After finalizing this scoping report, a wider in depth study is proposed in

- Water Integrity Scanning
- Reforming Hydropower Licensing
- Integrity mapping Small Water Schemes
- Program Management and Technical Support

The proposed program is estimated to cost US \$ 250,000 and will take about 18 months.

Many officials of the related government institution and NGO were present. It was discussed in the workshop that about 20-30% of



the budget is lost in the corruption. To improve the quality of life, these corruption practices must be eradicated. Mr. Donald O' Leary, Sr. Advisor, WIN International Steering Committee (with HQ in Berlin) informed that WIN has planned to under take similar research in 15 countries by 2015. The purpose of the workshop is to get feedback on the proposed Scoping Report from the respective stakeholders.

## Friday Forum of IPPAN

On December 3, 2010 a talk program was under taken by IPPAN on the topic of Power Evacuation Status, Issues and Options. The Speaker was Mr. Ram Chandra Pandey, Director of Transmission Line and sub-Station Construction Department of Nepal Electricity Authority (NEA). Mr. Pandey is also the project manager of the Cross Border Transmission Line Project. The 400 kV, double circuit, cross border transmission line project will evacuate power from export oriented hydropower projects of Nepal to India. Under the 38 point program of National Energy Crisis in 2008, GON has envisaged the construction of 29 numbers of 132/220/400 kV transmission lines with total line length of 2,255 ckt km.

The requirement of new transmission lines and strengthening of the existing ones require huge investment that is not available with NEA/GON. In many lines, there is bottleneck such as in Bardaghat-Bharatpur- Hetauda sector. Donors have condition of investing/assisting only in financial viable projects. Further, the right way is a great issue. A ROW Compensation Policy is urgently required. Mr. Pandey presented the status, issues concerned of the Transmission line projects. Mr. Pandey informed that planning of a Transmission line has been extremely complex and challenging in absence of reliable data (project in a pipe line etc.) and uncertainties. He dealt with the status of different transmission line projects of NEA, difficulties faced by NEA in its implementation. He also explored, in his paper, the possibility of private financing in system development and adaptation of new methods and technology in transmission system development.

### **INPIM Nepal Talk Program on Tran basin Water Transfers in Nepal**

A Talk Program on “Tran basin Water Transfers in Nepal: A Case of Bheri-Babai Diversion” was organized on 22nd October 2010. Mr. Madhav Belbase, Regional Director, Mid-western Regional Irrigation Directorate presented the Talk. It mainly covered why Tran basin water transfers were necessary in Nepal and presented an overview of the proposed Tran basin water transfers projects viz. Kaligandaki-Tinau, Kaligandaki-Nawalparasi, Trisuli-Chiwan, Madi-Dang, Sunkosi-Kamala and Bheri-Babai. Mr. Belbase then went on to talk about details of Bheri-Babai diversion project and in the process mentioned about the different studies carried out including the latest by JICA in 1998 which identifies four options for tunnel alignment. Out of these, BR1-1 and BR1-3 were considered to have minimum environmental hazards and BR1-3 was considered to produce better economic benefits (EIRR 13.86). The plant discharge has been optimized for 40 m<sup>3</sup>/s discharge and that Detailed Studies of the project comprising of three components, viz. A-Irrigation, B-Hydropower and C-Transmission Line is currently underway. He mentioned that as per the present plan 40 m<sup>3</sup>/s of Bheri water will be diverted to Babai by 2017. Mr. Belbase concluded the presentation with some discussion on the various challenges that Tran basin transfers in Nepal will have to face and sharing his ideas and suggestions as to how the project should proceed.

### **WECAN Workshop on Consulting Business**

A Half day Brainstorming Workshop on “Consulting Business Workshop in Micro Hydropower Development: Opportunities and Challenges” was organised on 4 November 2010 in Kathmandu, Nepal. The workshop was organized by Water & Energy Consultant’s Association (WECAN) in cooperation with Nepal Hydropower Association (NHA) and Kathmandu University (KU). Dr. Ramesh K Maskey, President of WECAN presented a paper on the mentioned topic.

It was discussed that there are several obstacles for its development such as lack of hydrology data in small

streams, DHM charging exorbitant fees for the hydro-meteorological data. The greatest drawback is the very nominal fee set by the AEPC for the feasibility study/ design of the micro/mini hydro projects. The highest fee is Rs 3,00,000/- for one project of mini hydro size which is not even sufficient for a topographical survey. Further, there is unhealthy competition among the consultants themselves. There are many obstacles in the consulting industry in the micro/mini hydro sector. There are several problems in micro systems that have been installed. About 70% of the installed plants are not operational due to lack of proper operation & maintenance (O&M). In about 75% of the cases, the users are not able to pay back the loan taken for the installation of the micro hydro project. There is problem of proper installation. Till now only high head turbines (mainly Pelton) is being used. There are no low head turbines being fabricated in Nepal. The upper limit has been 100kW for turbine manufacturer.

Four groups were formed to brainstorm each on strength, weakness, opportunities and threats (SWOT). The Four Groups after brain storming on their respective themes presented their recommendation. Executive Director of Alternate Energy Promotion Centre (AEPC), Mr. Chaulagain stated that the recommendations of the Workshop will be taken seriously by AEPC and would recommend to the Govt. for its implementation.

### **Power tariff review plan a non-starter**

After months of debates and discussions surrounding a possible hike in electricity tariff, the process is yet to inch forward owing to a discord between Electricity Tariff Fixation Commission (ETFC) and Nepal Electricity Authority (NEA). Minister for Energy, **Dr Prakash Sharan Mahat, expressed discontent over the functioning of the commission and demanded its dissolution.** At a meeting of the parliamentary committee on natural resources today, he said the commission was of little use.

Electricity Tariff Rules, 1994, allows NEA to hike power tariff by a maximum of five percent per year. However, the rates remaining unchanged since 2001. The commission headed by former secretary of the Ministry of Water Resources, Mahendra Nath Aryal, has been putting the decision on hold. According to him, a hike in tariffs ignoring the irregularities in NEA will do no good. The Commission has also pointed out that commitments made by NEA during the price hike in 2001 are yet to be fulfilled. “It is a shame for all of us to face hours of load shedding. This problem is not going to be solved without political will. The committee should summon heads of the political parties and get their commitment for hydropower development,” said Gagan Thapa, a member of the committee.

*Source: The Himalayan Times*

### **CNI's Energy Development Council**

The Confederation of Nepalese Industries (CNI) has formed a CNI Energy Development Council which will

play a coordinating role to overcome policy level and work-related hassles in the hydropower sector. Mr. Guru Prasad Neupane, Chairman of the Arun Valley Hydropower Company has been designated as coordinator. It has members from the Hydro developer community. A CNI press release states that the council will identify problems of independent power producers and lobby for solutions to them. It will establish a separate division for project banking by associating hydropower experts. The council also plans to lure national and international companies to bring investment in the hydropower sector. It will issue a white paper regarding the prevailing hassles in the investment policy, the environment and other concerned factors of the sector in the near future.

### **India pledges Rs 25.9 mn grant for tube wells in Nepal**

India has pledged to provide a grant assistance of Rs 25.9 million to Nepal for construction of 350 tube-wells in the southern region of the country. According to an Indian Embassy press release, A Memorandum of Understanding was signed between the Embassy of India, Kathmandu and Ground Water Resources Development Board, Ministry of Irrigation, Government of Nepal for providing the grant assistance under India-Nepal Economic Cooperation Program.

Though agriculture is regarded as the largest sector of the Nepalese economy with 32 per cent contribution to country's GDP, out of total 2.6 million hectares of cultivable land available in the country, only about 1.2 million hectares has irrigation facilities. Shallow Tube Wells being developed with the assistance of Government of India, would provide all season irrigation facility to some 1,050 hectares of land and would uplift the socio-economic status of farmers by augmenting the production of wheat, rice and seasonal fruits and vegetables. In the field of irrigation, India is currently providing grant assistance of Rs 110.69 million to Nepal government for construction of 1,000 shallow tube wells in Districts Mahottari and Danusha and 22 Deep Tube Wells in Jhapa, Sunsari, Siraha and Saptari Districts.

*Source: The Kathmandu Post*

### **Denmark keen to fund transmission line project**

With power generation endeavors in the country gaining momentum, Danish government has, for the first time, taken keen interest in funding a transmission line project. It has assured to provide the Nepal Electricity Authority (NEA) a grant assistance of approximately US\$ 25 million to develop Marshyangdi-Kathmandu 220 kV transmission line project that is around 60 km in length.

Following the completion of the project, export-oriented projects like Upper Marshyangdi (600 MW) and other hydro projects along the Marshyangdi river basin will be able to evacuate power. "Power evacuated through the Marshyangdi-Kathmandu transmission line will be con-

nected to the national grid at Naubise," Pandey said. Although expansion of transmission lines is as important as generating electricity, Nepal has not been able to do so owing to the budget crunch. Currently, the country has only 1980 km of transmission lines. Presently, Asian Development Bank (ADB), the World Bank and Indian government are the only supporting agencies providing foreign investment to develop transmission lines.

*Source: Republica*

### **Free power market**

Nepal government has forwarded the Electricity Trade Agreement dossier to India. It is hoped that India would endorse the dossier, thus paving the way for Nepali power producers to trade power in the free market. Nepal, until now, has been accepting the monopoly of Power Trading Corporation India Limited despite the fact that there are nearly 40 other companies in India that trade in power. The existing agreement is a great disincentive to power producers, both private and public, in the country and they are keenly looking forward to what India's response to the dossier would be.

*Source: Republica*

### **Govt Mulls Setting up Energy Fund**

The government is preparing to form an energy fund in order to increase domestic banks' investment in hydropower sector. As per the government's plan, certain amount of deposits of the banks will be collected into the fund which will be invested in hydropower sector.

The government's move came after it was found that investment from a single bank or the consortium of 2-3 banks is inadequate to complete power projects of more than 10 MW capacities. As a single bank can not make required investment for bigger hydropower projects, we are planning to introduce the energy fund to increase domestic investment in the power sector," said Finance Secretary Rameshwar Khanal, GON and also added that the fund's size will be of about Rs. 6 billion even if only 1% deposit of all the commercial banks is collected. Currently, the banks have deposits of Rs 618 billion and risk of the banks will also be minimised, as all the banks will be investing in the sector.

As per the directives of Nepal Rastra Bank, the central bank, banks cannot lend more than 50 % of their paid up capital to a single sector. Which means a bank cannot lend more than Rs1 billion on the basis of banks' usual paid up capital of Rs 2 billion. The power developers say it costs around Rs 150 million to produce 1MW power.

Of late, interest rates of bank loans have gone up significantly. Investors in hydropower sector say they have to pay 14 % interest on loans while return on investment has remained at 9 %. Therefore, power developers have been reluctant to start work of the projects of about 200MW despite signing PPA with the NEA. The energy fund will pave the way for banking investment in the hydropower

sector at lower interest rate. Khanal said funds would be managed as per the public private partnership concept. He said the government would try to incorporate commercial banks, government, NEA, and private sector investors in the fund management. However, in the new budget it has not been addressed.

*Source: The Kathmandu Post*

### **Rs 180 m loan for Upper Seti project**

The ADB agreed to provide a technical grant of Rs180 million to the government for 127 MW Upper Seti Hydro Electricity Project (USHEP). Finance secretary Rameshore Khanal and officer-in-charge of the ADB Yukihiko Shiroishi signed a Memorandum of Understanding on behalf of their respective institutions for a technical grant to conduct a detailed study of the project.

Jibendra Jha, managing Director of NEA, said the Upper Seti Project, Damauli, Tanahu district can now move with this agreement. He also sought soft loans for the project. The ADB's assistance will be used for a detailed engineering study that includes development of design options, specifications and drawings for the civil works and the electromechanical, hydro-mechanical works and transmission facilities and the bidding process.

Of the total cost of \$ 2.95 million for the detailed engineering study, the ADB is providing \$ 2.5 million and the NEA will spend the remaining amount. The study is expected to be completed by September 2012. The NEA has already completed the Upgrading Feasibility Study of the project with technical assistance from the Japan Government through JICA in 2006-07.

*Source: Himalayan Times*

### **Book on hydropower in Nepal launched**

A book on hydropower sector in Nepal is released. Author Khadga Bisht, former executive member of Independent Power Producers' Association Nepal said the book contains details of the country's hydropower resources, rivers, power plants, transmission line and distribution. "This book takes us through the triumphs and tribulations of the last century of hydropower development," said Bisht. The book also narrates the history of hydro projects. This book is priced Rs.5000/- or US\$150. per copy

### **Talk Program : The India Factor in Nepal's Water Resources Development**

A Talk Program on the mentioned topic was given by Mr. Sant B. Pun, Sr. Water Resources Analyst on 15 November 2010 which was organized by CEADS. CEADS regularly organizes Dr. Hark Gurung Talk Program Series. Mr. Pun described in detail various water related Treaties with India right from Sarada Treaty of 1920, Koshi agreement of 1954, and Gandak Agreement of 1959 to the Mahakali Agreement. The gist of the Talk program was as follows:-

In the beginning the cooperation in water resources of Nepal was Bilateral till mid 1960 and then multilateral phase

was there which was retracted in around 1995. After that India factor has emerged. Large scale water resources development in Nepal will need cooperation from India. For large multi-purpose water resources development, substantial land area is submerged in reservoir. The regulated water produces benefits to the downstream nations including flood control benefits whereas Nepal stands to loose due to submergence of valuable land. There needs to be system of compensating to Nepal in this regards and equitable distribution of the benefits, then the water resources in large scale can be developed for the benefits of the nations of this Ganga Basin.

King Mahendra of Nepal was able to amend Gandak Treaty in 1964 and Koshi Treaty in 2064. These amendments are very important to Nepal because without the amendments Nepal would not be allowed to use its own waters. In Sikta and Babai irrigation projects, when Nepal tried funding from international agencies, the funds were blocked by the neighbouring country. The World Bank could not play a Honest Broker's role in this sector in Nepal

Mr. SB Pun summerised that if one is not strong then the neighbours will take an advantage.

### **Mismanagement Hydro Shares in NEA Promoted Company**

Ordinary Nepali citizens have not been given importance in hydro company shares allocation. However, the Staff of the NEA and the NEA promoted company staff enjoys higher share allocations. For example in Upper Tamakoshi Hydropower Project (456 MW), staff of this company, NEA staff, staff of the investing institutions gets about 29% shares whereas the 30 million Nepali citizen gets only 10%. In the Chilime HPP also, the NEA staff and the company staff gets 25% shares and the 30 million citizens is allotted only about 20%.

Nepal Telecom (NT) & NEA had agreed to invest equal shares in Trishuli – IIIB HPP. However, the Trishuli – IIIB company was established without informing NT. NT threatened to withdraw its loan (Rs. 6 Billion) committed for Upper Tamakoshi HPP (456 MW) stating that the company established in Trishuli –IIIB had employees of NEA as promoters of which several of them already retired. This is a very serious allegation. And it is learnt that Centre for Investigation for Authority Abuse (CIAA) has instructed to remove NEA staff from the promoters of the said project. Now the NT & NEA both have settled the differences and each agency will get 30% shares each.

It is our opinion that Nepali citizens should be given opportunity in investing reasonable percentages of shares in the Hydro projects. And it should not be mere 10% for 30 million citizens while allocating more for NEA staff.

Trishili –III B project is 37 MW project and lies in Rasuwa-Nuwakot districts. Its estimated cost is Rs. 5 Billion Nepalese rupees. The electricity generation will be 296.34 GWh per annum. It will be connected to grid by 220 kV

transmission line. This project is about to start construction works and it is scheduled to be completed in 2015.

### **Pressure Group Formed For the Eradication of Load-shedding:**

Local Hydropower Developers have formed a “Pressure Group for Ending the Load-shedding”. There is representation also from Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Nepalese Chambers of Commerce and Industry (CNI), Independent Power Producer Association of Nepal (IPPAN), and Small Hydropower Developer’s Association. Mr. Bijaya Man Sherchan is the coordinator of this Pressure Group. On January 15, 2011, it organized a meeting in Kathmandu to discuss on ways to create pressure on the Government/ Nepal Electricity Authority etc.

The main point of the Pressure Group is that the local developers are capable to end the load-shedding if right incentives are provided to them. Hydro Projects are not financially viable at present PPA rates. It is demanding a revision of PPA rates to an average rate of Rs 5.99/unit from existing Rs 7/unit in dry, Rs 4/unit in monsoon. NEA is paying Rs 7.28/unit (lower price for this year) for imported electricity from India; but is not willing to pay Rs 5.99 for the local developers.

More than 100 projects have applied for PPA. More than 1000 MW projects are lying idle of PPA. The present 16% per annum Bank interest rate, and rapid price increase in construction materials, makes the current PPA rate obsolete. Mr. Gyanendra Lal Pradhan, representative of FNCCI and a hydro developer informed that PPA rate has increased by 1% per annum, in 10 years from Rs 4.16 (2061) to Rs 4.45 (2071) whereas the construction cost has tripled such as cement Rs 250/bag to Rs 600/bag, steel rod Rs 26/kg to Rs 70/kg, diesel Rs 45/litre to Rs 70/litre, labor cost Rs 100/day to Rs 350/day in the same period. It was mentioned that recently concluded PPA rate for Upper Marshyandhi has been very favorable to the company. The escalation provision starts from the date of PPA for 15 years compounded, 90% payment is in US dollars etc. The rate is 5.995 cents/unit.

Mr. Bhoj Raj Regmi, President of Nepal Hydropower Association is of the opinion that the Govt. should facilitate hydroprojects that will be commissioned within 5 years. The load-shedding has adversely affected the industries in Nepal. It has reduced 60% of production of steel and 75% reduction in cement. In average productivity of Nepal's industry had decreased by 60% due to load-shedding.

Load-shedding has induced Rs 20 Billion worth in unnecessary imports such as Rs 10 Billion in Diesel, 50 Billion in generator, inverter, battery, 5 Billion in LPG and 2 Billion miscellaneous, and 3 Billion in electricity imports. It was discussed that NEA should limit itself to storage projects and leave ROR projects for the private sector for the development.

About 2400 MW hydro development will be required in near future requiring Rs 400 Billion in project development and another Rs 400 Billion in transmission line development.

Mr. Subarna Das Shrestha, President of IPPAN said that NEA purchase electricity from India at an expensive rate and does not encourage local developers for hydro project construction. IPPAN has lobbied for a rate of Rs 5.99/unit and an escalation of 5% per for nine years. The Government asks to show net worth of the Developers even for the survey license.

Mr. Hari Bairagi Dahal, President of Small Hydropower Developer's Association has claimed that if the private sector would have given the same price as given for the Chilime HEP by NEA, load-shedding will be removed in coming three years. He further claimed that the Govt. is working in 3 legal instruments to forfeit hydropower licenses. The private sector has poured Billions in the investigation, feasibility study and most of the projects have not started due to lack of infrastructures such as access road and transmission lines. The Govt. needs to provide infrastructures and has no right to forfeit licenses.

### **License for Tube well Drilling**

To manage the limited groundwater resource of the Kathmandu valley, Kathmandu Valley Water Management (KVWM) Board is preparing for requirement of a license to drill a tube well for large scale water consumption. The deep ground water aquifer of Kathmandu valley does not get recharge; and mining of it will deplete the in a short time. Haphazard deep tube well drilling can make wells and stone sprout dry in the Kathmandu valley.

The license fee proposed is Rs. 10,000/- and Rs. 20,000/- for tube wells below 100m depth and greater than 100m depth respectively. License will be mandatory in large water consumption areas like Hotels, banks, Industrial areas, Embassies, housing etc. as per Mr. Hari Dhakal, Executive Director of the KVWM Board said that the Board will make studies before issuing licenses. The water quality will be tested before water is allowed to be used. The ground water of Kathmandu contains high amount of ammonia and iron

The Kathmandu valley has three regions as per ground water availability; north, middle and south regions. In the north region, the ground water aquifer is good including its quality whereas in the middle and southern regions there is limited water and the with low quality.

Mr. Ghanshyam Battarai, Deputy Director of the Project Implementation is of the opinion that the ground water is a public property and hence it should not be allowed for misuse.

HYDRO Nepal believes that the licensing system is one step forward. However, assuming that with licensing of Rs.10,000/- or Rs.20,000/- per tube well the ground water

will be effectively used with austerity measures is an exaggerated thinking. More efforts will be required. Further, this income should be used in promoting rain water harvesting in Kathmandu.

### **West Seti 750 MW in Limbo**

16 years of efforts in implementing a 750 MW storage hydro project targeted for exporting electricity to India has not been fruitful. The Australian based company Snowy Mountain Engineering Corporation (SMEC) promoted this project. Now, it has applied one year extension for financial closure to search financing locally (under Public- Private Partnership with Nepal Govt.) and also to generate electricity for Nepali consumption instead of Export.

Once ADB was interested in this project and suggested Nepal Govt to take share of about 15% with financing from the ADB. ADB later withdrew from this project. Then came the M/s China Machinery Export & Import Company (CMEI) signed a MOU in presence of Nepal's Prime Minister Mr. Madhav K. Nepal in Beijing for a 51% investment by CMEI. Later CMEI also withdrew from the project.

It seems India is not interested to purchase electricity from this project, otherwise a little positive gesture from India would have kept this project rolling.

The message from West Seti is clear: Indian electricity market is not open to Nepal, especially with foreign developers, foreign contractors and investors. For many years, Nepali policy makers dreamt of exporting Nepali electricity across the border and becoming rich with Hydro dollars coming in. Tamakoshi – III promoted by SN Power of Norway has 50% Partner with Tata Company of India. This project may sail smoothly. It is a clear message to other stakeholders such as Dept. of Electricity Development (DOED) and other promoters of hydroelectricity eyeing export to India such as Lower Arun promoted by a Brazilian Company.

Nepal is not likely to get rid of load shedding for next 10 years. Instead of export oriented project for earning 10% royalty, it is high time that Nepal should concentrate to

producing cheap electricity for internal consumption. This will attract industries in Nepal and help creating jobs.

### **Nepal to Purchase Electricity from India for 25 Years**

Power Trading Corporation (PTC) of India and Nepal Electricity Authority (NEA) of Nepal are holding Talks in Kathmandu for importing 150 MW electricity from India for a period of 25 years. It is learnt that longer Power Purchase agreement results in lower price and hence it is proposed to purchase for a period of 25 years. At present, there is 12 hours a day load shedding in Nepal which is projected to be 14 hours a day in dry season. After 150 MW imports from India, the load shedding is expected to be reduced to 4 hours a day. The price is expected to be below Indian Rs.4/ per unit (NRs. 6.40). It is very strange that Nepal Govt. prepares plans to develop 25,000MW in coming 20 years and also prepares to sign power purchase agreement from India for 25 years. As import of the electricity is one option to reduce load shedding, the power purchase should not be more than for say 5 years. NEA is reluctant to pay Rs.5.99 per unit for the local developers but willing to pay more for the imports from India. Many critics blame the Nepal Govt. for licensing the hydro projects to Indian companies for a mere 10% royalty and prepares to purchase (import) the electricity produced in Nepal through India at a higher price.

### **Kulekhani III delayed by trees**

Construction of a tunnel for Kulekhani Hydropower Project III has been delayed as the government gave the go-ahead to cut down the trees in the surrounding area only after several months. There are nearly 150 trees at Audit No. 2 in Bhainse village development committee. Audit No. 1 and Audit No. 4 are respectively 380 m and 180 m long. Audit No. 2 is 200 m long. Sino Hydropower Company, the contractor of the project, has sought compensation of Rs 850 million from the NEA for the delays caused by strikes, agitation and delays in permission for tree felling. The cost of construction will rise after paying compensation to the construction company. The cost of the project has been projected at Rs 2.43 billion, which was started with domestic investment.

### **Regmee Becomes Secretary in Ministry of Energy**

Mr. Shital Babu Regmee has been transferred as Secretary of Ministry of Energy, Govt. of Nepal from Secretary, Cantonment Management Coordinator's Office. A Graduate of AIT, Bangkok (ME on Water Resources), he has served in water resources related various agencies of Govt of Nepal, such as Acting Secretary, Water and Energy Commission, Joint Secretary Ministry of Water Resources, Director General, Department of Water Induced Disaster Prevention, Director, Western Regional Irrigation Directorate, Pokhara and various projects under Dept. of Irrigation. Having taken part in several Indo- Nepal Joint Meetings on Water Resources, he has long experiences in dealing with bilateral talks. He writes frequently on development issues such as water, electricity, roads. He has published various papers, articles, technical reports in magazines, newspapers, journals etc. He has written three Books (under publication) namely on Hill Irrigation, Assessment of Water Resources and on Issues in Water Resources.

HYDRO Nepal wishes great success in his new post; and hopes that under his leadership the Energy Sector especially the Hydropower sector of Nepal will take a great leap forward.

