Harnessing Water Resources in Nepal: Flood Control to Hydropower Development

There have been extensive losses of human lives and property damage due to unprecedented floods and landslides triggered by extreme rainfall in several areas of the country in this monsoon season. The cloudburst of mid-June in northern Uttarakhand of India and the far western development region of Nepal caused losses of several thousand human lives. In addition, people endured losses of several billion of rupees in property damage, as buildings and houses were carried away due to bank cutting that exacerbated the effects of the swollen Mahakali and other rivers. There was also widespread damage in Chandani and Dodhara, two Nepali settlements on the west side of the Mahakali River. About one hundred houses and thirteen government office buildings in Darchula, the district headquarters were washed away. The unprecedented flood was due to the cloudburst and intensified by the sudden opening of the gates of the Dhauliganga dam/reservoir. The Indian Embassy in Kathmandu, however, quickly denied the effect of releasing the Dhauliganga to the flood conditions. The Dhauliganga Dam (280 MW and 6.2 million cubic meters of reservoir capacity) was constructed by India in 1996 without releasing any dam-associated information to Nepal, thus violating the Mahakali Treaty.

The Government of Nepal (GoN) was very slow to respond in the aftermath of the flooding on the Mahakali. GoN's response to its stranded citizens should have been taken at a war footing. The river training works constructed to mitigate flooding effects were found to be ineffective. With the rise of climate change, such extreme events may be expected to recur in the future with increased frequency and intensity. Hence, the GoN must prepare a plan to cope with such devastating events in future.

In the energy sector, two major events are scheduled for August, 2013. First, IPPAN and PTC India Ltd. Plan to organize a two-day Power Summit for private developers and associated government officials. The theme of the 2013 Power Summit is to “Accelerate the pace of hydropower development in Nepal,” and the proceedings will include a critical review of hydro development since 2006, with special attention to what is lacking and what needs to be in place for future success.

Second, the Hydropower Investment and Development Co. Ltd., the Government of Nepal, and the Asian Development Bank have invited investors from around the world to Kathmandu for a hydropower investment meeting. This meeting has been specifically organized to discuss investment opportunities in projects above 100MW with an emphasis on storage projects.

Together, these two events can be considered important steps in creating an advantageous environment for hydropower development in Nepal. However, experience tells us, tangible outcomes have not followed from these types of events in the past. There are still numerous impediments to hydropower development in Nepal at present that need to be categorically removed with concerted efforts from multiple stakeholders. A conducive environment is necessary to attract Foreign Direct Investment (FDIs). Elements of a conducive foreign investment environment include the allowance for money to be repatriated in foreign currency, and the negotiation of PPAs in foreign currency. For this to happen, all political parties, the GoN and the local people at the project sites must consider the scope and potential of hydropower development in Nepal before it is too late.