

Editorial

Dear Reader,

The mist begins to lift.

Nepal's energy sector is in a bit of strange euphoria.

The lights haven't come on yet. The load shedding isn't anywhere near its end (in fact, this promises to be one of the worst load shedding winters). No new plants have begun construction. No new plants have reported financing closure. Yet, there is a palpable sense of excitement, as if the mist is beginning to lift and new dawn is breaking.

The Power Trade Agreement (PTA) between India and Nepal, which was signed a month ago and ratified by the two governments just a week ago, appears to have created a new opening.

Is there really reason to be excited? Absolutely, you betcha!

Shortly after the PTA was signed, the Power Development Agreement (PDA) on Upper Karnali hydro was signed between GMR and the Investment Board of Nepal. The PDA is the starting point on the development of the hydro-plant which is being planned as an export oriented project.

The PTA is the vehicle that could provide the security which investors and developers will need for long-term power projects that look to utilize opportunities across both sides of the market. The absence of the PTA was long being regarded as the one obstacle that was limiting the growth of Nepal hydro.

Now that the PTA has been signed, does that mean that hydro power plant development in Nepal will take off like a rocket? Absolutely not, you betcha not!

The PTA is a bit like blasting through a mountain for building a road. But road hasn't yet been built and it is not blasting of the mountain that begin trade – it is the building of the road that leads to trade. Unfortunately, around the world there are far too many examples of mountains that have been blasted for the roads, but the roads have never showed up. So as we look back at this period in history a decade from now what will we find: a gaping hole in the mountain that has been blasted through; or a swanky new sparkling road through the mountain? There is probably no one daring enough to offer a prophecy to this question.

But one way to look at this is to ask if India or Nepal really have an option. Both countries need the PTA to develop their sectors and leverage the complementary capabilities that are there in the other market.

Success of the PTA will no doubt depend on the policy framework that unfolds in the two countries. But there is more. Success of the PTA will also depend on the private sector's willingness to look at the energy business more holistically, instead of focusing narrowly only on generation. The PTA creates as much, if not more, opportunities in transmission and begins to build the pressure for opening up the distribution business.

The PTA is different from the mist lifting in one important regard. The mist lifts when the dawn breaks and sunshine appears. In the case of the PTA, we will have to lift the mist on our own.

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Bishal Thapa
Vice- Chairperson

EDC Headline News

1. Delegation to Ministry of Forest and Soil Conservation
2. Project pipeline: Digital Energy Library, Wind Resource Assessment, Capital Energy TV Series

EDC Activities

EDC delegation to Ministry of Forest and Soil Conservation

Realizing that the hydropower developers are facing difficulties with the forest related various non-existent legal policies, work provision and procedures, a delegation from Energy Development Council visited Mr. Sharad Chandra Paudel, Secretary of Ministry of Forest and Soil Conservation and put forward the request for facilitation of associated energy issues and take necessary actions.

Our issues and concerns were as below:

- ❖ There is lack of coordination between the government plan, policy and various subsidies with the work procedural conditions within the ministry.
- ❖ Forest work procedure 2063 which requires an equivalent land the project has occupied, to be bought and registered to the District Forest Office.
- ❖ We guarantee to plant trees double the times that have been destroyed by the project but it is impractical to seek another land outside the project for reforestation.
- ❖ The government has provided the land in lease for 35 years, after which the whole project would be handed over to the government, and we have been paying the required royalty. So, there is an inequality and misunderstanding between the energy policy and the forest policy in making condition- to ask land compensation for using government owned forest and pay amount equivalent to leasehold forest.
- ❖ We have been paying royalty and other taxes to the Ministry of Energy. The commitment that the Ministry of Forest has asked to pay additional 1% of the project profit is not clear. In addition, there is no any legal provision that support this activity.

Center of Excellence

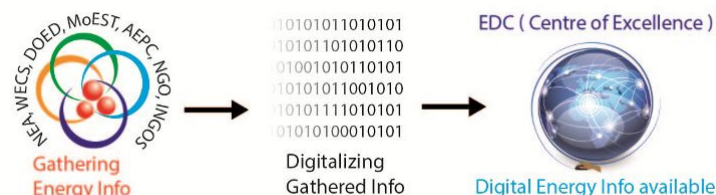
We are contemplating to establish Nepal's first Center of Excellence, which will provide various energy related services to all the stakeholders of this sector with and outside the country. Some of the initial services it envisions to provide are:

- ❖ Independent Due Diligence Services to Banks and Financial Institutions financing various energy projects.
- ❖ Policy and other advisory services to the government and multilateral community.
- ❖ Technical expertise to service the project of national importance procured by EDC.
- ❖ Energy Audit Services to industries.
- ❖ Energy library with open access to the general public

Nepal's First Digitized Energy Library: A concept note

EDC is establishing a Centre of Excellence where it intends to host Nepal's first energy digitized library for open access to the public. Presently, the much scattered information related to various energy sub-sectors of Nepal are available at various organizations such as Nepal Electricity Authority, Water and Energy Commission Secretariat, Department of Electricity Development, Ministry of

Environment Science and Technology, Alternative Energy Promotion Centre, various national and international development organizations. All these energy data and information are not consolidated and mostly not available to the general public. For any individual or institutions that wants to currently access the complete energy data available in Nepal is almost impossible due to lack of open access and not feasible as it is very time consuming to try to go to each of these mentioned places where the data is available. The purpose of this project is for EDC to consolidate all this energy data in one place and make it openly accessible to the public. The main targeted groups are policy makers, academicians, students, and business community and energy development workers.



Wind Mapping Project



EDC has established MoU with Alternative Energy Promotion Center in developing Wind Map for Nepal- Giving Nepal its first total estimated wind energy potential. In other words, the project is to conduct the Wind Resource Assessment of Nepal. The objective is to support the sustainable expansion of electricity generation from wind power by providing the Government of Nepal and commercial developers with an improved understanding of the location and potential of wind resources at the country level through production of a high quality, validated wind atlas.

The scope of work can be summarize as Phase I: Preparation of an initial wind resource estimate at the country level based on a meso-scale model using satellite and reanalysis data; preliminary validation using existing ground-based data; preparations for the implementation of Phase 2. Phase II: Production of validated

wind resource atlas: Prepare validated wind resource maps and a Wind Atlas report that describes the final outputs, methodology and process, and includes provision of the final geographic information system data.

Capital Energy Series

EDC is seeking to co-host a regular public interaction program called the "Capital Energy Series". Towards this initiative, it is seeking to identify partners that can work with EDC on co-hosting and partnering on these event series.

The "Capital Energy Series" will hold regular public interactions focused around specific energy issues that are relevant to Nepal. The interactions will be highly focused, lasting for half an hour. It will be held weekly.

The objective of the capital energy series will be to provide information around energy issues relevant with a view to fully examining its social, economic and political complexity. These discussions will help improve the quality of discourse on energy and could provide important inputs towards energy policy.

Announcement from our members

Lotus Energy Private Limited is proud to announce the completion of 10 KW state of the art solar roof- top at the Hama Steel Building in Kamaladi. The system features premium quality products: sun power panels, outback inverters and charge controllers and Trojan batteries. The system design offers layers of safety protection. The system will be used to power a few of the apartments in the building and electric car charging outlets in the basement parking. This is also one of first non-subsidy commercial deployment of such a premium quality roof-top system in Nepal. Congratulations Hama Steel on pushing the boundaries for a Green Building.



Reliable Hydropower Company Pvt. Ltd has reached the construction phase of its 'Khoranga Khola Small Hydroelectric Project' located in Terhathum district, the eastern development region of Nepal. It has the installed capacity of 4.8 MW with net energy of 29.47 GWh/yr. The main objective is to generate and sell the power to Nepal Electricity Authority thereby supplying electricity to the nation.

Post from Social Media

Full coverage of TV telecast of the program on "Discussion session on Nepal- India Power Trade Agreement held on 4th September, 2014":

<https://www.youtube.com/watch?v=rLuqsbrrh3oq>

Welcoming new EDC members






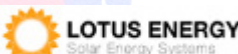






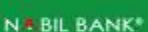










Arun Valley Hydropower Development Company Limited was established to build the project "Piluwa Khola Hydropower Project" in 1997 under the Company Act of Nepal and has been operating 3000 kW Piluwa Khola project since 2003. The company now intends to develop 25000 kW Kabeli B1 project at an estimated cost of NPR 4000 million. For the development of this project the company has established Arun Kabeli Power Limited as special purpose vehicle. The company has entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) for its entire generation capacity. Founded in March 1998 by 78 promoters AHPC was converted in public limited company in August 2005 with the objective of facilitating public participation.

Highlights of Upcoming Programs

- ❖ Signing MoUs with various strategic partners
- ❖ Capital Energy Series “A monthly TV program”
- ❖ Opening EDC branch office at Shenzhen, PR China

List of EDC members

S. No.	Name of the Company	Company logo	S. No.	Name of the Company	Company logo
1.	Nepal Electricity Authority		12.	Global IME Bank Limited	
2.	Statkraft Holding Singapore Pte. Ltd		13.	Gham Power Pvt. Ltd.	
3.	Alternative Energy Promotion Center		14.	Lotus Energy Pvt. Ltd.	
4.	Butwal Power Company Private Limited		15.	Wind Power Nepal	
5.	CEDB Hydro Fund		16.	Reliable Hydropower Pvt. Ltd.	
6.	IDS Energy Pvt Ltd		17.	Sanvi Energy Pvt. Ltd.	
7.	Nabil Bank		18.	Dantakali Hydropower Pvt. Ltd.	
8.	Himalayan Infrastructure Fund		19.	Prime Commercial Bank Ltd.	
9.	Transweld Pvt Ltd		20.	Century Bank	
10.	Clean Energy Development Bank		21.	Arun Valley Hydropower Development Co. Ltd	
11.	Nepal Hydropower Association				



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