

ECONOMICS

Solar energy micro-grids

THERE EXISTS AMPLE OPPORTUNITIES
FOR RURAL ENTREPRENEURS
TO INNOVATE AND COME UP
WITH SOLUTIONSAnjal Niraula
Kathmandu

Since the installation of the first solar PV plant in Nepal by NTC in 1974, the solar energy market has come a long way. Especially in the last two decades where the Nepal government through its solar subsidy scheme has managed to deploy over 200,000 Solar Home system (SHS) to rural parts of Nepal, which has provided people an access to clean source of lighting and mobile charging services.

As the micro-grid landscape grows in the near future in Nepal, the government needs to come up with clear policy framework to incentivise private investment

But, it is well established now that access to energy is much more than just basic lighting and mobile charging, people accessing energy for productive end use load is what makes a difference to people's lives. As rural communities climb up the energy ladder and demand more energy for productive end use and community services, mini-grid technology has in certain contexts emerged as a more economical solution when compared to grid extension or such stand-alone systems.

One such solar micro-grid has been developed by Gham Power Nepal, where private capital has been mobilised to initiate rural energy projects, rather than relying on subsidies alone. The equity investment for the project was made by the local community and also by the company into a SPV (Special Purpose Vehicle). The rural



communities view themselves as not just customers but also investors, which provides the platform for longer-term economic growth and development.

There exists ample opportunities for rural entrepreneurs to innovate and come up with solutions that will help them generate revenue which in turn will help them pay for energy. The community has already started setting up cyber centres, poultry farms, milling machines, gas-stations and water pumps which generate substantial revenue for the SPV. In addition to this, a couple of

Ncell BTS stations are also purchasing power from the micro-grid on a fixed PPA basis.

In the coming months, as more operational data on the micro-grids are gathered, a better understanding could be developed regarding how micro-grids could be better structured to facilitate private investment, provide opportunities for further innovation, achieve efficiency and growth.

There are still uncertainties in government policy regarding micro-grids, especially concerning exit options for private investors in case the grid arrives within the

project period. High project development costs for developers and high transaction costs for investors have also been deterrents for private investors. Uttar Pradesh recently came up with a micro-grid policy of their own where clear emphasis has been provided on exit options in case the grid arrives, different business models that developers could adopt, technical standards to be adhered to and safety measures. But, as the micro-grid landscape grows in the near future in Nepal, the government needs to come up with clear policy framework to incentivise private investment.

There are also some, who argue that these approaches may just be a stop gap solution and divert money from 'ideal' forms of grid electrification through large scale hydro power projects, they overlook

the fact that investment in such projects cost many times more than decentralised generation through micro-grids and also has a long project development cycle. The micro-grids bring immediate value to the users. Furthermore, savings from kerosene expenditure could be diverted to other use, revenue generated through appliances could reinvestigate the local economy and working hours are extended, which in turn increases productivity.

These decentralised solutions, such as the micro-grids incorporating productive end use have faster payback for investors and provides safer, cleaner and cheaper energy for the people. This might be the right approach in moving forward as we try and provide energy access to rural Nepal.



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Sanctity of judgments

ESTABLISH A CULTURE
TO RESPECT COURT
ORDERSAnanta Raj Luitel
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Unified-CPN-Maoist Okhaldhunga committee has sought the reversal of a verdict of the Supreme Court. The verdict directed its leaders and cadre to surrender before Okhaldhunga District Court over a writ petition in connection with cases at the district court of Okhaldhunga last week.

Newspapers published news on April 5 citing a press conference at the District Party Office blaming the decision as against the party and its leaders and cadres. A petition was filed in the Supreme Court demanding its order to stop the process of a case sub-judice in Okhaldhunga District Court. It was filed against two dozen Maoist leaders and cadre in relation to the murder of Guru Luitel, a teacher in the armed conflict.

The main argument of the petitioner, a Maoist sympathiser, is that since it was a dispute of conflict era cases it must be settled through the Truth and Reconciliation Commission.

The crux of the case is that the accused had sought the order of the Supreme Court to scrap conflict era cases pending in the court and to open investigation by the transitional justice commissions. However, the apex court annulled the writ petition itself and let the District Court proceed the case sub-judice before it.

In such cases, there are many Maoist leaders and cadre including Balkrishna Dhungel and Keshav Rai who are still absconding and defying the ruling after losing the cases they once formally participated in.

Despite the apex court's decision on the writ petition, which has allowed the District Court to go ahead for its process, the leaders and party cadres have been opposing the judgment.

"The case that has been filed with the Okhaldhunga Court is bogus and the apex court's ruling against the writ to scrap all such cases has been a wrong decision," Baburam Gautam, UCPN M District Chairperson reportedly said adding, "The apex court's decision against the false cases is unfortunate." He had also warned that such a decision may disturb the peace process by reviving conflict era cases."

There is culture of praising the court if anyone wins a case and to oppose it in case of a loss even after participating in the trial process. This tendency is prevalent not only among powerful politicians but among many rich and powerful persons too.

AGRO-PRODUCTS
AS FINANCIAL
INSTRUMENTSAvishek Jha
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The agricultural sector plays a strategic role in the process of economic development of a country. More specifically, for countries that want to industrialise, agriculture is commonly the main source of resource that can be captured for investment in emerging activities.

The agriculture sector's contribution to GDP has not been impactful. It is high time the government and other entities think of commercialising the farming sector and its products. Eighty per cent of the national population depends upon agriculture, but unfortunately it

Commodity market mechanism helps farmers to take a winning side in the whole market process

MENTORSHIP
IS KEY FOR
GROWING
BUSINESSESNivida Lamichhane
Kathmandu

Simon Mathijssen, Programme Director for Rockstart Impact states, "I personally believe that mentorship is one of the best resources that a growing company can have."

A mentor is someone with entrepreneurial business experience who serves as a trusted confidante over an extended period of time to help those who have recently ventured into something new. Simon suggests that the exposure that the companies at Rockstart Impact are getting through the mentors from Nepali and the European market are highly valuable and essential. While the Nepali mentors guide the entrepreneurs through the ABCs of building a viable and scalable business the European mentors test the entrepreneurs' assumptions and follow the universal rules of growing a business.

WHO DO THE ENTREPRENEURS
TURN TO?

When an entrepreneur aims at

Agriculture in commodity market



covers the least portion of the national GDP. This forces one to think about the competitiveness of Nepal's economy from a negative perspective.

By implementing the principle of commodity market in the agro-sector we can inflate the volume of the agro-economy and ultimately the national economy. Now the only question that remains is how the commodity market can be god to the agro

based economy of the nation? Well, much of the answer remains in the principle and mechanism of the commodity market, basically it works on behalf of the producer, intermediaries and the market itself — it establishes agro-products as a financial instrument or a sector of investment.

And to make it a standard financial instrument it needs to have a standard quality, which is

required for the standard warehouse to preserve the product. Availability of warehouse system certainly mitigates the compulsions of the farmer to have their products sold as soon as

sector enables farmers to take advantage of such distribution mechanism.

Most importantly, this commodity market mechanism helps farmers to take a winning side in

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possible at a minimum price in order to escape product loss.

Now when commodities are being traded in the future contract, there must be a stay out (stipulated) delivery date that needs to be maintained, means the market needs an efficient distribution mechanism to meet the required standard, which in turn, emphasises proper transportation infrastructure development. Being involved in this

the whole market process thereby turning traditional agriculture mechanism into a commercial one. This, in turn, will boost the agro economy thereby enhancing the national economy and GDP.

Since agriculture employs many people, it contributes to economic development. As a result, the national income level as well as people's standard of living will improve.



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Sharing experiences for growth

investor's impact



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NETWORK

Today, networking has become a very strong word which has the power of taking you to the moon and back. Your mentor being an experienced and knowledgeable person is likely to have an extensive network. And apart from introducing you to far more senior decision makers than you currently have, they will also help you find the right person for your sector if business. The mentorship comes in a package which is rewarding with non-existent risks. An entrepreneur has nothing to lose and can gain

as much as they want to via a good member.

MENTOR SPEAK

"It makes me immensely happy to be able to help out the aspiring entrepreneurs with all the knowledge base that I have

learned from my own mistakes," states Abhaya Poudel, one of the mentors for the programme.

Edmond Hilhorst, one of the Dutch mentors for Rockstart Impact from the Netherlands objectifies, "Based on my meetings, company visits and follow-ups with the entrepreneurs at Rockstart Impact, I feel there are chances that these companies will grow and deliver significant positive impact on health, education, work and sustainability." He says, "My personal experience with them varies but most of them tick the boxes when it comes to an ideal startup."

While the entrepreneurs are being challenged about the way they have been functioning throughout, they are instilling a thought process that suggests that they can do much better through guidance. Challenging their assumptions or validating their business models are helping entrepreneurs focus more.



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