

IBN DISPATCH

Monthly Newsletter



GMR Discloses RAP

KATHMANDU: GMR ITD, the developer of the Upper Karnali Hydropower Project, disclosed its Resettlement Action Plan (RAP) on 10 September (Bhaddra 24) at the Office of the Investment Board Nepal (IBN). GMR officials presented the RAP to members of the Constituent Assembly representing project-affected districts, officials of line ministries and IBN.

The RAP is a comprehensive plan to rehabilitate and resettle project-affected people and includes details of the people that will be affected by the project, their property, the land to be acquired, and the compensation distribution plan, among other things. GMR is responsible for formulating and implementing the RAP, which has been finalised in line with the provisions of the Project Development Agreement

(PDA). The RAP also follows the provisions in the National Policy on Land Acquisition and Resettlement, the IFC Performance Standards and Asian Development Bank's Social Safeguard Policy. The RAP was developed in consultation with IBN, which also monitored the field study conducted by GMR for the RAP.

A total of 426 households in 10 VDCs and 1 municipality in Surkhet, Dailekh and Achham will be affected by the 900-MW project. Of the affected households, 56 are to be moved from their existing location. Similarly, a total of 217 physical structures will be affected by the project. Under the PDA the project developer has to spend 1% of the total

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...GMR Discloses RAP

project cost on the resettlement and rehabilitation of affected people and the mitigation of the social and environment impact of the project.

Participating at the RAP disclosure programme, Constituent Assembly members for the project-affected districts demanded that the developer sincerely implement the RAP. They also stressed the need to exercise transparency and impartiality in fixing compensation and to ensure a better livelihood for the people who are to be displaced from the original settlements.

RAP Disclosure in Project Districts Too

KATHMANDU: GMR ITD disclosed the RAP to project-affected local people in Surkhet, Dailekh and Achham districts on 21–23 September. Disclosure programmes were organised in the presence of IBN representatives in Sattala (near the dam site) and in Dailekh bazaar (Dailekh district), Bhairavsthan (Achham district), and Salkot (Surkhet district). On the occasion, local people sought a clear plan for resettlement and rehabilitation, a share of ownership in the project and free electricity for affected people. GMR officials assured the people of the sincere and smooth implementation of the RAP and sought support from local stakeholders in the resettlement and rehabilitation process.. •



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IBN Welcomes SEJON's New Team



KATHMANDU: The Office of the Investment Board organised an introduction programme for newly elected members of the Society of Economic Journalists-Nepal (SEJON) on Friday, 14 September. IBN's CEO Radhesh Pant formally congratulated SEJON's new office bearers on the occasion and touched on different sectors in which IBN and SEJON can collaborate in the coming days. Pant said that:

"People can be easily influenced by the media. We [SEJON and IBN] can introduce collaboration in educating the general public in favour of infrastructure development projects using the experience and capacity of SEJON members."

Speaking on the occasion, Gokarna Awasthi, President of SEJON, highlighted the key areas in which SEJON focuses. He said:

"Institutionalising SEJON, building the capacity of its members and interventions in the country's overall economic development are our key priorities. SEJON and IBN can work together in introducing ties in those areas."



IBN Participates in Nepal-India Power Trading Conference

KATHMANDU: Radhesh Pant, CEO of IBN, has underlined the need to enhance cross-border power connection infrastructure to boost the trading of power between Nepal and India. Participating at a workshop on 'Nepal-India Power Trading: Issues Involved' in New Delhi on 4 September, Pant pointed out that power projects in Nepal lack connectivity with the Indian grid. Pant stressed the need to implement Article II(b) of the Power Trade Agreement (PTA) between Nepal and India, which clearly states that both countries shall allow non-discriminatory access to cross-border interconnections for authorised participants.

The one-day workshop was jointly organised by the Ministry of Power of India and Confederation of Indian Industry (CII) in a bid to sensitise people on the issues in bilateral power trade. The main

objective of the PTA is to boost the existing power trade between the two neighbours.

Pant also said that connectivity to the Indian Grid for evacuating power from power projects in Nepal is necessary for the timely

financial closure of the respective projects. Stating that the SAARC Framework Agreement on Energy Cooperation paves the way for eventual integration of our regional grids, he added that such lofty

aspirations will only be met if the integrations of grids start materialising at the bilateral and trilateral level. "For example, approval of the sale of power from Nepal by India to a third country will be a huge stride in our collective goal of regional integration", said Pant.

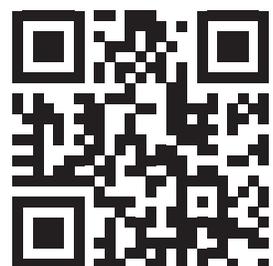
Last year, Nepal signed PDAs with Indian developers GMR ITD and SJVN to implement the Upper Karnali and Arun-3 hydropower projects, which are aimed at exporting power to our southern neighbour. He also informed the participants that IBN was working with the ministries of energy, finance, land reform, forests, environment, and law and justice to push for policy reforms in streamlining processes related to land acquisition, resettlement and rehabilitation, benefit sharing, and incentives to investors, among others. Senior officials from the Ministry of Energy and their counterparts in the Indian government and experts, developers and private sector representatives from both countries participated in the programme. •



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GMR revises TL alignment

KATHMANDU: In line with spirit of the Project Development Agreement (PDA), to avoid any disturbance to the proposed 10,000-MW Karnali Chisapani Hydropower Project, GMR ITD, the developer of the Upper Karnali Hydropower Project, has changed the alignment of the

proposed transmission line to evacuate power to India. The transmission line will now pass through Guthu, Bijaura, and Betan of Surkhet, Sugarkhal, Dodhara, Pratappur, and Thapapur covering 100 km in Nepal before connecting to the Indian power grid. In the earlier alignment, the transmission line would have been constructed through Layatibindrasini in Dailekh, Salkot and Ghatgaun in Surkhet, and Lamki in Kailali for about 72 km on the Nepali side. •

IBN Organizes Discourse on New Constitution

KATHMANDU: IBN organized a discourse on 'Economic and Geopolitical Challenges after the Promulgation of New Constitution' with two experts on September 30 (Aswin 13), Friday. The speakers of the two-hour interaction were Prateek Pradhan, senior journalist and political commentator, and Deependra Jha, lawyer. IBN conducted such an interaction of this kind for the first time to sensitize the IBN staffs about the ongoing political situation and economic scenario in the country. The discourse was mainly focused on issues, challenges and opportunities emerged after the promulgation of new federal constitution in the country. Participants of the programs had put forward their queries mainly on citizenship, inclusiveness, demarcation of state boundaries, impact of ongoing unrest in the Tarai on Nepal's economy and way forward to resolve the economic and constitutional crisis in the country. •



Government of Nepal
Office of the Investment Board

Discourse on
“Economic and Geopolitical Challenges After the Promulgation of New Constitution”
Wednesday, September 30, 2015

Speakers



Prateek Pradhan
Former Editor, Nagarik, Karobar, The Kathmandu Post
Former Press Advisor to PM Sushil Koirala



Adv. Dipendra Jha
Advocate, Supreme Court
President, THRD Alliance



IBN Releases India Power Market Report

On October 2 Friday, IBN unveiled a study report that speaks about the current and future energy market in India and its possible impact on Nepal's power export prospect. IBN had commissioned ICF International—a leading global consultancy headquartered in the US—to conduct a comprehensive study on India Power Market.

Given the highly dependence of Nepal on India for power export, the study was conducted to assess the real market situation in the southern neighbor.

The study has provided a background on the India power markets, its trends and changes observed over a decade. The study also highlights underlying fundamentals shaping Indian power market, long term power prices and resulting impact on power trade from Nepal.

The ICF's study also projected that under the base-case coal would continue to dominate in the Indian power markets with imported coal emerging as critical part of the generation mix, accounting for around 36 percent of total generation. The study also estimated that variation in imported coal price would have a direct bearing on power prices.

The ICF's analysis suggests that displacement of import-coal based power plants imported into the northern region could be the primary target for Nepal hydro. "Coal imported from Indonesia has played dominant role to determine the price of energy in India. As long as we are not in a position to provide electricity to India at price lower than the prevailing rate, our electricity will not be preferable source there," said Bishal Thapa, consultant of ICF. Thapa stressed the need to

strengthen our transmission line network and uninterrupted power supply to India. Thapa also stated that northern states such as Bihar and Uttar Pradesh, would be potential market for Nepal's electricity

because cost for transporting Indonesian coal to these states is very high.

Speaking on the occasion, Radhesh Pant, CEO of IBN said the study was commissioned to examine the current and future energy market in India, which will be the key importer of energy from Nepal in coming decades.

"We are planning to conduct similar study in every couple of years to assess the real market situation in India," added Pant. •



“Slow progress in TL development hampers power generation”

Hitendra Dev Shakya, is an electricity Transmission Line (TL) expert. Shakya is one of the members involved in formulating TL Master Plan commissioned by the government of Nepal. IBN Dispatch caught up with Shakya recently to discuss various issues of TL development in Nepal.



Could you please tell us about the current status of transmission line expansion in Nepal?

Progress in transmission line development is not satisfactory. Investment in the development of networks is lagging behind generation, which is hitting a number of power projects hard. Some power projects are experiencing power evacuation problems in the absence of the necessary transmission lines. The situation has been compounded by public opposition and lack of a clear policy for the development of transmission lines. So, we are in the process of formulating the Transmission Line Master Plan to deal with these and other issues surrounding the development of transmission lines.

How would the proposed Master Plan resolve the problems?

The Transmission Line Master Plan has been drafted keeping in view its expected demand for power in the next 5, 10, 15 and 20 years. However, we have to be mindful of the fact that planning for a certain period should not overlap or disrupt the implementation of other periodical planning. We should maintain a balanced approach in planning and to projected demand for the transmission line during the given period. As the Transmission Line Master Plan can be revised periodically, investment in transmission line development should be made in a planned way without squandering resources.

We have seen very slow progress in the expansion of the transmission line. What do you see as the major problems behind this?

We are still learning how to cope with opposition from local people over land acquisition and forest issues. We can plan more efficiently in coming days and deal with such problems through a simplified process. The development of transmission lines requires huge investment. Our development partners (World Bank,

Asian Development Bank and Millennium Challenge Corporation) have also made a commitment to support us in big way in the development of a transmission line to India. According to a rough estimate in the Transmission Line Master Plan, we need investment worth around USD 3.3 billion for the expansion of the line. However, money itself is not the main issue. How we plan to use the investment matters more. I am hopeful that we will be more efficient in the coming days in dealing with problems such as land acquisition, forest clearance and other procedural bottleneck that have resulted in the severe delay of the expansion of the transmission line network.

Slow progress in the development of the transmission line has directly affected power generation projects and new investment in the power generation sector. Not only the developers of hydropower projects, but consumers and the industrial sector are badly affected by load-shedding. If we fail to develop the generation and transmission sectors simultaneously, the energy sector as whole will suffer.

What are the policies that need to be formulated to attract independent power producers in Nepal's hydropower sector?

We have seen much progress in the generation sector compared to transmission line development. Existing projects that have already signed the Power Purchase Agreement (PPA) with the NEA can fulfil the demand for electricity for next four to five years. So, development of the new project means that we need to explore the export market in India. Smooth evacuation of power to the external market is very difficult without establishing a strong-cross border transmission line. Proper arrangement of a transmission line would automatically encourage existing power projects – and attract more projects.

(For full interview log on to our website: www.ibn.gov.np.) ■