

Upper tamakoshi

[Environment](#), [Electricity](#)



The tripartite loan agreement between Nepal Electricity Authority (NEA), Employees' Provident Fund (EPF) and Nepal Telecom (NT) has cleared the uncertainties surrounding Upper Tamakoshi Hydropower Project (UTHP) and its implementation. Recent sanctioning of loans to UTHP by Rastriya Beema Sansthan and Citizen's Bank has provided much-needed impetus and urgency to complete 'behind-the-schedule' project on time. UTHP is the first and the largest hydropower project being constructed mobilizing the funds from within the country.

Situated in Dolakha district, the end-cost of 456 MW hydropower project is estimated at Rs. 35. 29 billion. It is billed as the cheapest hydropower project under construction till date and is scheduled to operate by the end of 2015. But within the short span of its inception, the project has already weathered a mini-crisis involving the appointment of CEO of UTHP and the Hon. Minister of Energy Dr. Prakash Sharan Mahat at the heart of ensuing drama that unfolded in the Supreme Court.

And the recent cabinet discussions on hiking electricity tariff and the debacle on the amount of percentage hike has shifted focus on the shambolic state of government-owned and run Nepal Electricity Authority (NEA). Alls not well within Ministry of Energy and NEA with energy politics play at its epicenter. To start, Government of Nepal (GoN) has invested more than NRs. 19 billion on NEA and NEA's return is losses amounting to NRs. 20 billion. The burgeoning annual loss alone has reached NRs. 4 billion last fiscal year.

Reeling under severe financial crunch, NEA has finally instigated Upper Tamakoshi Hydro Power Project under its aegis, its first project in more than a decade, albeit with hefty loans. The project, on completion, is supposed to

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save NEA from bankruptcy and safeguard government's investment in NEA. Already, well-publicized reports are out stating UTHP will address the energy deficiency and power-cuts, provide new lease of life to ailing NEA and churn out the profits within few years of its operation.

In short, NEA has left no stones unturned in publicizing the importance of the UTHP and manufacturing the consent of the stakeholders in implementing UTHP. In doing so, they have successfully diverted the attention from 'NEA'. One needs to understand that UTHP is just a superficial cum interim 'future-solution' to chronic energy crisis which is here to stay for many more years. Long-term solution requires acknowledging and addressing long-standing problems in NEA and restructuring government's policies regarding NEA. Reasons behind the palpable condition of NEA are no shrouded mystery.

There are mainly two root causes for present crisis and other problems are manifestation and ramifications of these causes. First, constant political meddling to stop the regular tariff revision and periodic price hike due to politically motivated interests provided little support to financially stuttering NEA. Any kind of price hike is always viewed as unpopular move on government's part and hence, political parties in power, fearing the wrath and backlash from public, continually resisted hiking electricity price. As a result, electricity tariff remains unrevised for last nine years.

It is no-brainer that one is in loss when the selling-price is lower than the cost-price. Also, it is ubiquitous that the restoration of democracy in 1990 opened the floodgates for the series of political interferences as NEA and other state-ventures became prime target to recruit party activists. The dawn of republic meant NEA, like other state run ventures, had to

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accommodate ' the largest party'. How can public expect efficiency and effectiveness from an institution marred by conflicting political ideologies and deeply divided political unions at its helm?

Second, in the last decade NEA did no better than a brokerage firm granting lucrative river surveying and hydropower licenses to agents/brokers who had no intention of developing hydropower projects and thus, stifling hydropower projects' construction and inhibiting energy production. These brokers in turn occupied ' rivers' to sell their licenses to potential developers for hefty sum. Real investors kept shying away from investing in hydropower projects after repeatedly frustrated by double standard policy from NEA officials.

Coinciding this, there were allegations about widespread corruptions inside NEA. Reports even claimed high-ranking officials and political appointees at the heart of commission games while granting hydropower licenses to the bidders. Mid-Marsyangdi Hydropower Project is a glaring example of how political instability and Maoist's armed struggle provided fertile ground for corrupt officials and contractors to delay the project and amass government's money in the name of ' the conflict'. Apparently, the project scheduled to be completed in 2005 was completed in 2009.

The project cost more than doubled from initial estimation of NRs. 13 billion to NRs. 27 billion. Chief Contractor blamed the ' insecurity' for the delay and prior contract agreements meant NEA had to pay for the financial fiasco. Law has provisions to punish license-holders who do not instigate hydropower project within two years of procuring the license and at the same time corrupt officials can be brought to the books. But, impunity is a free-selling commodity in Nepal. NEA loses 27% (nearly 1/3rd! of the generated

electricity while transporting. Technical losses, transportation congestion amount to 15% while the electricity theft and irregularities within NEA accounts for 17% of the electricity loss. With no hydropower project being completed in immediate future, controlling these losses is as good as adding power from new plant. Even after repeated pledges, NEA has refrained from taking action against this state of affairs. Sadly, incompetency, non-existent service and lack of integrity have been the hallmarks of NEA.

Government has time and again floated cliches such as reshuffling and restructuring of NEA. Owing to present state, a system overhaul is the need of the hour. All these and many problems have been identified more than too often in reports furnished by the countless investigating and advising commissions formed by government to review the performance of NEA. In between, echoes of solutions have never penetrated the veil of deafness gloriously adorned by government and policymakers. How poignant!

Statistics say it all; only 42% of the total population has access to electricity, 7% of the population has grid power other than provided by NEA, power demand is growing by 10% annually and the industrial output is declining as a result of energy-shortage. As the power growth does not keep pace with consumption growth, load-shedding hours will continue to grow. A recent article in a vernacular daily forecasted, if present consumption pattern growth remains unabated, power will be available for only 2 hours during dry season in 2014.

Even after the completion of UTHP, load-shedding will continue at around 8-10 hours during dry/winter season. How justifiable is it to pin the hopes of alleviating unprecedented power-cuts to electrified denizens, electrifying

citizens living in constant darkness, revitalizing NEA and propelling economic prosperity on a mere 456 MW hydropower plant. As of now, UTHP is providing NEA officials', policymakers' and ' leaders? ' with excuses aplenty to mitigate energy-crisis. Long may it continue!