

## Chinese company agrees to finance hydel project in Nepal

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Chinese government holding company Chongqing Water Turbine Works Co Ltd (CWTW) has agreed to develop hydro-power project on financing modality in cooperation with Nepali private sector in Nepal.

Financing modality contract agreement between CWTW and Peoples Energy Ltd in Nepal was signed in China on March 14 and will be formally exchanged at a ceremony in Nepal before May.

Engineering, Procurement and Construction (EPC) model has been implemented in Nepal by Chinese and other foreign companies but the financing modality has been agreed on for the first time in Nepal, said Peoples Energy Ltd Chairperson Krishna Acharya.

“Contractor, equipment, manpower and 90 percent of capital will be provided by the Chinese company and the money will be paid back 700 days after commercial operation of power plant begins,” Acharya said.

According to Acharya, CWTW will invest \$88 million in the 48.8 megawatt Khimti II Projects in Ramechhap and Dolakha districts, the construction of which will start in April. The project is expected to generate electricity commercially from July, 2021.

“We are to provide 10 per cent money in the first phase in April,” Acharya said.

According to Acharya, Nepali company has already secured loan from Sanima Bank to pay the Chinese company.

The project is expected to earn revenue worth Rs 1.40 billion in the first year of operation. Likewise, the revenue is expected to reach Rs 1.74 billion in the 9th year of operation as per the Peoples Energy Company’s statement released today.

Both parties reached an understanding after series of mutual discussion with developers, investors, consultants and other stakeholders in Chongqing and Kathmandu, said Acharya.

“After series of technical and financial discussions and negotiations about construction of hydro-power project on EPC and financing model we found CWTW technically sound and financially strong,” Acharya said.

According to Project Manager Ram Hari Sharma, the height of the project is 341 metre and design discharge is 16.11 cubic metre per second.

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CWTW is said to start construction in April. It specialises in manufacturing of hydro-power equipment has supplied equipment to 32 provinces/cities in China.

It has also exported equipment to 33 countries including US, Canada, Italy, Norway, Vietnam, Peru, Nepal and Burundi.

Source : The Himalayan Times, 25<sup>th</sup> March 2018