

Upper Marshyangdi-2 in limbo as talks deferred



Investment Board Nepal (IBN) is still undecided over the execution of the 600 MW Upper Marshyangdi-2 Hydroelectric Project as it is yet start negotiations with a potential developer to sign the project development agreement (PDA).

In 2008, Himtal Hydropower Company received the survey licence for the project, and it has done a detailed project report (DPR) and environmental impact assessment (EIA). However, the company, a subsidiary of GMR Energy India, has not started PDA talks with IBN.

The board is also not eager to begin PDA negotiations with Himtal Hydropower. It had made preparations to sign a project negotiation agreement with the company to begin formal PDA negotiations, but it later dropped the plan.

“Actually, we don’t want to sign a PDA with the subsidiary of GMR Energy right now,” said an IBN official who requested not to be named. “Currently, GMR Energy is struggling to arrange funds to build the 900 MW Upper Karnali Hydropower Project, and it might not be a good idea to award it another project.”

IBN signed a PDA with GMR for the development of the Upper Karnali in 2014. As per the PDA, the developer was supposed to complete financial closure of the project within two years from the date of signing the PDA.

IBN has twice given deadline extensions to GMR, but it has not been able to put together the money to construct the project. The board has received criticism for being lenient to the Indian company by extending the deadline repeatedly.

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“Therefore, we will not award this project to the Indian developer unless it arranges funds for the construction of the Upper Karnali Hydropower Project,” said the source. The Post was not able to reach the developer for comments despite repeated attempts.

Located in Lamjung and Manang districts in western Nepal, the Upper Marshyangdi-2 scheme is an export oriented run-of-the-river project with a peaking capacity of 3.1 hours at the minimum. As per the DPR of the project, the hydropower plant will have four generating units of 150 MW each giving a total installed capacity of 600 MW. The design energy per year is 2282 gigawatt hours, and the construction is expected to take seven years.

A 400 kV transmission line is required to evacuate the energy generated by the project, and the government is yet finalise the route for the construction of the power line.

Source: The Kathmandu Post, 25th January 2018