



Updates on “Policies, Legal, Regulatory Frameworks.

6th Meeting of Task Force-1
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USAID SARI/EI

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PRESENTATION OUTLINE



- **Action plan on Energy Crisis Prevention and Electricity Development Decade**
 - Legal Arrangement
 - **Policy Adoption**
 - Administrative Arrangement and Procedural Reforms
 - Institutional Arrangement and Reforms
- **Conclusion**



LEGAL ARRANGEMENTS



1. Simplify License issuing process
 - Amendments in Electricity Regulation Rules, 2050
2. Financial Incentive through NRs. 50 lakh/MW and income tax exemption.
3. Formulate Bill on National Electricity Regulatory Commission
4. Formulate Electricity Bill to replace Electricity Act 1992



POLICY ADOPTION



- Formulate National Energy Security Policy
- Fix generation mix [40–50 % from reservoir-based and pump storage, 15–20 % Peaking Run of River, 25–30 % Run of River and 5–10 % other alternative sources]
- Adjust/Determine electricity tariff , power purchase rate to address time of the day and seasonal variation.

- ROR Project

The total energy generated in six months must be at least 70% of annual energy generation of the project.

- 1 December (Mangsir 16) – 28 May (Jestha 15) – NRs. 8.40
- 29 May (Jestha 16) – 30 November (Mangsir 15) – NRs. 4.80



POLICY ADOPTION



– PROR Project

The Peak Run-of-River Projects must be capable to operate at its rated capacity at least 1 hour to maximum 6 hours in a day.

- 1-2 hours peaking – NRs. 8.50
- 2-3 hours peaking – NRs. 8.80
- 3-4 hours peaking – NRs. 9.40
- 4-6 hours peaking – NRs. 10.55

– Storage Project

Active storage volume must not be less than the volume equal to Design discharge of 15 days and the life of dead storage volume must be atleast 50 years.

- 1 December (Mangsir 16) – 28 May (Jestha 15) – NRs. 12.40
- 29 May (Jestha 16) – 30 November (Mangsir 15) – NRs. 7.10



POLICY ADOPTION



- Payment Guarantee
- PPA in Take or Pay instead of Take and Pay
- Develop Reservoir Project through EPCF
- Simplify Study and Approval process of IEE/EIA
- Fix 'benchmark' electricity purchase rate for photovoltaic solar or wind energy to be connected to National Grid.
- Inject up to 10 % of total installed capacity of electricity by solar or wind resource in the National Grid through competitive bidding.



ADMINISTRATIVE ARRANGEMENT AND PROCEDURAL REFORMS



- Simplify foreign exchange facility
- Simplify visa and labor permit
- Arrange security for the projects
- Power purchase agreement in convertible currency
- Streamline the number of escalations provided in PPAs to address the issue of disparity
- Simplify Study and Approval process of IEE/EIA
- Arrangement of cross border line extension and strengthening of national electricity system in accordance with Master Plan



ADMINISTRATIVE ARRANGEMENT AND PROCEDURAL REFORMS



- Construction of additional cross border transmission lines like 400 kV New Butwal–Gorakhpur
- Operationalization of National Transmission Grid Company
- Establishment of National Electricity Generation Company
- Establishment of Engineering Consulting Service Company
- Establishment of National Power Trade Company



CONCLUSION



- ❖ Enactment of supporting Acts including Electricity Regulatory Commission Act and Regulations to changing circumstances.
- ❖ Establishment of Nepal Electricity Regulatory commission (NERC)
- ❖ Adopt generation mix in electricity by type of energy source.
- ❖ Prioritize construction of second 400 kV cross border transmission line (New Butwal–Gorakhupur).



Thank You