

Interview with Dr. Prakash Sharan Mahat

Honorable Minister, Ministry of Energy, Government of Nepal



Dr. Prakash S. Mahat granted an interview to Dr. Govind Raj Pokharel, Managing Editor of HYDRO Nepal. Excerpts from the interview:-

HYDRO Nepal congratulates and welcomes you as the Minister for recently created Ministry of Energy. What challenges and opportunities do you see in this sector?

I know that there are several challenges as well as opportunities in the hydro and energy sector in Nepal. Of course, until now our focus has been the hydro sector. There is good potential; but basically, due to the problems of insurgency we faced in the past 10 years, the development process could not go that far. But, now there are changes in the situation. We are hoping that we can attract more investment. There are already good signs that domestic as well as foreign investors are very much interested in making investment in the hydro sector. The large gap in demand and supply is our immediate concern. We are not able to supply enough electricity to business and households. Because of these reasons, the country is facing load shedding.

Despite Nepal is having very high potential of hydropower, there is long hours of load shedding in dry season and will continue for many years to come. What is your plan to deal with the severe load shedding?

On the one hand we are not able to cover many areas due to lack of transmission networks and on the other hand even where there are transmission networks, we are not able to supply due to deficit power. To address the immediate needs, we are basically focusing on four aspects: importing power from India, working on existing thermal plants, maintaining existing hydro plants and implementing the measures of demand side management including the use of energy efficient devices. We are also presently working to promote other sources of energy.

In broader sense, energy represents several domains beyond hydropower, such as wind, solar, biomass, petroleum, etc. Will the Energy Ministry include them all?

When the concept of Energy Ministry came into place, the idea was to bring all departments working for energy sector under one umbrella; but it is not happening at this stage.

Developing even a 10 MW hydro plant in Nepal is a Herculean task because there are so many barriers and hurdles etc. What will your ministry do to eradicate these hurdles and barriers?

I agree there are problems; but we are working to eradicate these hurdles. We have already amended Regulations to waive EIA requirement for power generation up to 50 MW.

We want to extend similar waivers to transmission lines also. We are creating right environment for investors. And, serious investors are showing interest. But we should also develop good national transmission lines.

There are insatiable and unjust local demands which can not be fulfill by the hydropower developers alone. In your opinion, what roles and responsibilities should the state take in this regards?

Local people want to have benefit which is quite natural. We should address their concerns. We will assure that local people will have stake and participation in the projects. We want to hear real voices of the people. Investors should ensure participation and support of local people.

There are more than 300 sites suitable for 100-10,000 kW projects and have potential to produce more than 200 MW, interestingly helping to some extent to reduce load shedding. These plants can be constructed within a short period and by local investors. Do you have any policies and plans to give incentives for this?

Micro hydro projects will only work when there is local participation and community ownership. Local investors implementing mini hydro projects, say 1-2 MW, need support. We should support local investors. There is huge interest in implementing mini projects. The Government has relaxed not only taxes and VAT, but also announced that no license is required for projects below 3 MW.

NEA efforts to develop the cross boarder border power transmission lines have stucked. What initiation the Govt. will take for this?

Cross border transmission line is the need of the day. We are talking about export to India in future. I am confident that one day electricity export to India will materialize. At present, we have to import due to power shortage. We can not be sentimental on this issue, saying why to import the power from India. Our economy and households will suffer due to huge losses caused by load shedding. Further, we want to have power trade in future. It is true that we are not up to the mark in the progress of transmission lines construction. However, we have now adopted the policy to give high priority to transmission lines.

The Nation has very high hope in Upper Tamakoshi HEP (456 MW). However, present progress is not satisfactory. What is the guarantee that it will be completed within the prescribed time and budget?

We have made it a high priority project with Nepali investors. We will make sure that this project is completed in time.

The recent budget speech has proposed to develop Upper Seti Storage HEP of 128 MW using national resources? We would like to know on what time frame this will be completed and how the corresponding budget allocation will be managed.

This is a storage project which is very essential for Nepal. It is necessary as ROR type of projects will not help much during the dry season. There is budget allocated for this project and the Government will try its best to complete it as per target by managing the budget allocation wisely and efficiently.

It has been more than 14 years since the survey licenses was issued to West Seti HEP (750 MW). The Govt. of Nepal holds 15 % share of this project, what initiation you will take to implement this project at a fast pace?

I know this West Seti is dragging for a long time. One of the reasons that it could not move as planned is due to insurgency. Now major hurdles are over.

Finally, what message would you like to deliver

to the stakeholders of hydropower and energy development?

Regarding power deficit, we are working hard to make sure that the gap between demand and supply is minimized. For those who have not even seen electricity, we are trying to expand electricity distribution networks to rural areas through rural electrification programs. In near future, more villages will see electricity. Besides, alternative energy program is working to provide electricity in decentralized way. We hope that many new people will receive electricity. There are several incentives such as tax waivers for investors in power sectors.

We do not discriminate between domestic and foreign investors. Security wise there might be small problems here and there, but this is not unique to Nepal. We will provide all incentives to foreign investors also as provided to the domestic investors. Nepal Government will enforce security to protect their investment so that they do not encounter any difficulties in our country. It is right time for international investors to invest in Nepal's hydropower and energy sector.

Honorable Minister, Hydro Nepal team would like to congratulate you once again and wish you all the success as the first Energy Minister of Nepal to realize your vision.