



Interview with Mr. Gokarna Bista, Honorable Minister, Ministry of Energy, Government of Nepal

Mr. Gokarna Bista, Honorable Minister of Energy (MoEn), Government of Nepal (GoN), granted an interview to Mr. Jeewan P. Thanju, Editor-in-Chief of *HYDRO Nepal* Journal. Excerpts from the interview:

HYDRO Nepal Journal welcomes you as the Minister for Energy, Government of Nepal. What is your perspective on energy sector of Nepal?

Thank you very much. I would like to appreciate *HYDRO Nepal* journal for its constructive efforts in disseminating the information and initiatives taking place in Nepal's energy sector nationally as well as internationally. In my view, perspective emerges from the present status and aims for the progressive future. Understandably, Nepal is presently grappling with huge crisis of energy. We have only about 697MW installed capacity, of which about 645MW is from hydropower and remaining from thermal. Despite of our hard efforts, people are suffering from long hours of load shedding. Economic activities are yet to get limelight of life from power.

On the other side, if we see our vast potentiality and the meager 0.77% production so far, there lies a clear perspective of a brighter future. And, the fact that the people are gradually but surely realizing this potential and the inevitable need of the energy development has fortified this perspective by many folds.

How do you perceive the opportunities and challenges in the energy sector in Nepal?

I knew that there were challenges in the energy sector even before I was given the responsibility of the Energy Ministry. With more than just two months in the office, now I have learned that there are number of challenges, the natural ones beset by the geo-physical diversity of the country and the ones evolved as the product of the poor planning and mismanagement in the past. But, I am the one who works for opportunities out of the conglomerations of challenges.

The challenges for the energy development in Nepal, people say, include basic infrastructure, getting financial resources, technical capabilities, and so on. They are no doubt huge challenges, because they have posed in the past great obstacles for the development of energy, particularly hydropower. To me, however, the biggest challenge lies within ourselves regarding our commitment, will power and sincerity, which command trustworthiness from the investor's society and ensues series of opportunities.

I'll give you two very recent examples. The financial closure of the Upper Tama Koshi Hydropower Project was a big challenge. But opportunity for us was right there within our own country. Nepal Telecom was convinced to offer for the closure loan of NRs 6 billion (US\$83 mil-

lion), which took place on May 12, 2011. On June 7, 2011, Karmachari Sanchaya Kosh (Employee Provident Fund) signed another MoU (Memorandum of Understanding) offering a loan of NRs 16 billion (US\$ 0.222 billion) for the four subsidiary projects of Chilime Hydropwer Company, namely Sanjen, Upper Sanjen, Rasuwagadhi and Middle Bhote Koshi. So, challenges and opportunities go hand in hand.

'Energy Sector Emergency Plan', which includes formation of a three member commission, reduction of losses to 20% from prevailing 26%, and generation of 2500 MW in four years. What is your action plan to achieve these targets?

Let me make it clear. The Energy Sector Emergency Plan (ESEP) is mainly focused at reducing and gradually eradicating the existing long hours of load shedding, which is like a curse of the 21st century for Nepal. We are planning and are already in action to generate 2500MW not in four but in three years, and will hopefully put a full stop to the dark days of the extended load shedding.

The load shedding and losses are in most cases interconnected, although there are some inevitable technical losses. Innovative technical and engineering approaches will be adopted. The NEA staff has been mobilized followed by strong monitoring, feedback and action supported by security forces wherever required. Initiatives at political levels and awareness campaigns against power theft have been carried out. Very strong action has been started on individual as well as organized power thefts. In a very short period, more than 3,000 people have brought under the net of penalties and fines. And, the revenue rise has started to show an encouraging trend.

I take this opportunity to appreciate the support and cooperation exhibited by the political parties, personalities, security forces and the consumers themselves in this endeavor. If this continues, I am hopeful that the NEA's loss can be contained within the periphery of technical loss which is around 15-16% percent.

Why there is delay in promulgation of Energy Emergency Declaration Bill which was supposed to be presented in seven days to the Parliament?

There are some critical issues in Energy Emergency Declaration Bill. We are taking feedback from different stakeholders. It will be finalized as soon as possible.

The proposed three person Commission of Energy Emergency Alleviation was proposed to do everything bypassing the existing institutions such as MoEn, DoED, WECS, NEA and dismissal of Electricity Tariff Commission, etc. Are you sure this modality will work out?

No, the existing institutions will not be bypassed. A different model has been thought of for the representatives to the Commission of Energy Emergency. The expertise and experience of existing institutions such as the Ministry of Energy (MoEn), the Department of Electricity Development (DoED), the Water and Energy Commission Secretariat (WECS), and the Nepal Electricity Authority (NEA) will be effectively utilized.

It is true that present working procedures in energy sector are not efficient and productive. In this background, it is imperative that we need to devise certain working procedures and system that will enable us to harness the country's most precious natural resources. But, how will the MoEn do that?

I agree with you that the past 100 years of history, which could produce only 645MW of hydropower, speaks of the legacy of inefficiency and unproductiveness in the power sector. But, with financially assured projects such as Upper Tama Koshi, and subsidiaries of Chilime Hydropower Company at hand and looking forward from the present we also stand at a position to testify that given teamwork we can plan to produce more than 715MW in just five years.

This is the change the present Ministry and the Government would like to bring in the power sector arena of the country. The organization, the rules and the manpower are the same. The work is also the same. What we have done is only 'did the things differently', and the changes have started to come for everybody to see and feel.

The most important to me is the existing mind-set of the people involved in the organization, inside and outside. The mind-set of customary tradition is hard to change, but without its change in line with the needs of a changing time, it will be very difficult to accomplish the enshrined objectives.

We are therefore planning a restructuring of the DoED and the NEA so as to make them smart, dynamic and real performers.

We are categorizing and prioritizing projects according to their size. Projects will be categorized as 'Run-off-River' and 'Storage'. They will also be categorized as ones for the Domestic purpose and other for the Export. The projects will be prepared for Public-Private Partnership (PPP) Model, Competitive Model, Foreign Investment Model or Peoples' Hydro model. The immediate action plan is for emergency crisis management. The short, medium and long term plans will be prepared as per the guidelines of the National Water Plan 2005, the Panel Reports of 10,000 MW in 10 Years and 25,000 MW in

20 Years.

The long hours of load shedding have crippled the Nepalese economy and made the life of the Nepali people miserable. Do you have any plan for sustainable solutions to tackle this?

We are planning short term solutions to address the present huge load shedding problem. The plan has four strategies:

- appropriate operation & maintenance of existing hydropower plants,
- demand side management,
- reduction of electricity losses and theft, management improvement of NEA and critical transmission lines, and
- accelerated construction of ongoing project such as Kulekhani III, Chameliya and other projects, and commissioning earlier than schedule

For the long run, the sustainable solution can be achieved by the construction of storage type projects, large projects and 400KV transmission lines, cross-border transmission lines, and SAARC Grid.

Many politicians speculate that some of the provisions in the Energy Emergency Declaration has made easy to distribute funds to party cadres of the ruling party. Your Comment?

Absolutely not. Only those who for the various reasons enjoy politicizing every issue would do it that way, because they probably did so in the past. This sort of speculation and propaganda will misinterpret the Program and will misguide the people.

We welcome your idea that, henceforth, the Energy Minister will not be the Chairman of the NEA Board, and that the NEA Chief will be appointed through free competition. How long will it take to materialize this idea?

My concept for a Minister not to choose to take up the chairmanship is to avoid chances of politicizing the Board and to keep the Board intact as a Standing Committee, which does not go defunct in the absence of the Minister.

The concept of appointing the Executive Director of NEA by competition and not as the customary political appointment is also based on the same grounds. A politically appointed Executive Director is always fragile and unstable as soon as the Government changes. We have seen in the past that change of the person of Executive Director does not only bring indecisions and uncertainties to the organization but is also associated with unethical practices.

The process of Executive Director recruitment has already started. By the time your journal is on the stalls, someone will have been selected to assume the post of Executive Director of NEA. So, it won't take much time.

The Energy Emergency Alleviation-Program,

included granting very large subsidy for small hydro if implemented by a cooperative or local institutions; that is a 75%, subsidy up to 1MW, and 50% subsidy up to 3MW. Do you think the very large subsidy will be counterproductive?

This program is socio-based program. This also advocates the genuine need of the country and of the people. At present only 40% of people have access to electricity. Conversely, 60% of the people are still deprived of the electricity. There is no electricity network in the rural areas.

This requires massive electrification. In addition to other programs, the program put forward by the DPM proposes to electrify the rural areas through empowering local institutions and mobilizing them to contribute in the small scale power development. Giving subsidy to the poorer and disadvantaged sectors and people is a progressive approach called 'positive discrimination', in order to uplift the sector until they are capable on themselves. So, there is no reason that such measures will be counteractive.

The Government will provide financial subsidy as well as technical support to the local institutions for implementation of such hydropower.

This program will firstly address rural electrification; secondly, it will intensify hydropower development; and thirdly, it will increase the rural economy by creating employment and revenue directly going to the rural area and creating ownership by the local community in hydropower.

The Energy Emergency Plan was also declared some years back but nothing concrete happened. What is the guarantee that the same fate will not repeated this time?

I will not go detailing why the previous Energy Emergency Plan did not work. What I can do is show the plans we have prepared this time, their practicability, the steps that have been and would be taken, and, above all, the commitment with which each member of my team is working in this direction. With this strength and support as the backdrop, not only you, but every one concerned will find reasons to believe that there will be the hope of light on the other side of the tunnel.

What are the plans to accelerate rapid transmission line construction and strengthening?

The present transmission lines in the country are 132kV at most. However, with the growing demand and subsequent growth in power generation, these transmission lines have proved rather a constraint to transport power from surplus to deficit areas. Very correctly the time has come to plan for upgrading the existing transmission lines and erecting the new super voltage transmission lines in the order of 400kV.

At present, our priority target is to erect super voltage transmission lines first across the international border and along the East-West Highway. These transmission

lines will serve as [an energy] super highway. A Transmission Line Master Plan will be prepared. Further programs and actions will be carried out based on this Master Plan.

The Government is planning to develop mid-hill transmission line, river basin-wise transmission line (north-south), and transmission lines based on load center. Most of the hydropower projects are located in middle hill locations, so these lines will be very useful for the evacuation of power.

The Government shall focus on completing of the ongoing transmission line projects in critical area such as the Khimti–Dhalkebar transmission line projects, etc. The Government will give priority for the development of cross-border transmission line, and in future, development of the SAARC Grid.

Instead of very large ambitious plans, the best and urgent action to perform is to facilitate for the acceleration of the construction of the hydropower projects. Further, high interest rates of the Bank and lack of sufficient funding has also limited the implementation of hydropower projects. Does the Government of Nepal have a plan to grant some percentage to subsidize Bank interest rates for small developers and also facilitate making finance available for construction?

The Government, and the Ministry of Energy in particular, are fully aware of the facts and realities you have mentioned in your question.

The Government will continue to give high priority for completing the ongoing hydropower projects, be they the NEA's or Independent Power Producers' (IPPs'). While planning the future projects, we have taken care not to be unnecessarily over-ambitious, but to be realistic and futuristic.

Considering the constraints of the high Bank interest rates and increase in market prices of commodities, the Government has recently taken two major decisions: (1) the existing Power Purchase Agreement rate for the new hydropower projects have been increased by 20% for projects up to 25MW, and (2) a Hydropower Development Bank will be established soon, which will make funds available to power developers at attractive rates.

Both decisions are expected to facilitate and motivate the power developers.

Would you like to convey some messages to the stakeholders of the energy sector, and how do you wish to be remembered by the Nepali people as Minister of Energy of Nepal?

The present Ministry of Energy has a mission, a mission that the nation must be set free from the long hours of load shedding. Despite of the volatile politics that have crippled the nation and despite of various uncertainties, we must begin our journey with a clear direction. No matter how short the period may be, we are committed

to deliver because what counts in the long run will be the impact and impression of the programs and steps taken for the greater interest of the people and the country. The Government of Nepal/Ministry of Energy is very serious about hydropower development and to remove the energy crisis completely within three to four years.

Time is very precious because it is running out of hand whether you like it or not, and whether you work in it or not. If we do not behave responsibly at present, the future would be darker, more uncertain and more fearful than what it is today. Once the time is gone out of hand, tears and uprising will be meaningless to recover. Therefore, I appeal to all political parties, personalities, power developers and the locals to minimize the differences and maximize the chances of power developments. Let us keep constructive thoughts and a positive attitude.

Particularly for the private sector, I would like to state that we hold the power developers with high regards and expectations. We, therefore, solicit a sincere and responsible reciprocation from their side. One-sided initiative, no matter what and how, will not take the mission to the destination. Prolonged license holding and transfer of

license based on horse-trading are some of the charges to them from the other side of the growing society, from which they must come off clean, not by words but by works.

I have the full conviction that together we can energize Nepal; and together we can transform this small country into a great nation.

It is hard to answer your second question. However, as an answer, I would feel happy if the people will remember me as an Energy Minister who was a United Marxist Leninist activist but delivered for the greater interest of the people, and who was successful to generate faith and hope of the people on Nepal's hydro power development.

Honorable Minister, the HYDRO Nepal Team would like to congratulate you once again and wish you all the success as the Minister of Energy.

Thank You.

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