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○ Jan-Feb

○ 2014

○ Vol 4/ Year 1

# HIDCL

## Newsletter

A bimonthly email newsletter of

### HYDROELECTRICITY INVESTMENT & DEVELOPMENT COMPANY LIMITED

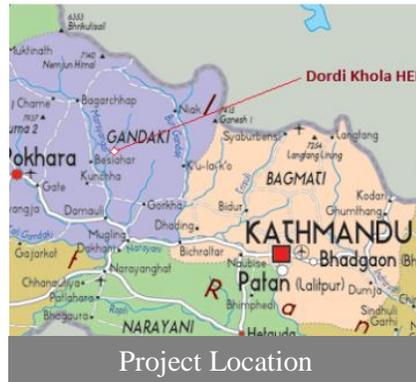
### जलविद्युत लगानी तथा विकास कम्पनी लिमिटेड

CREATING OPPORTUNITIES FOR A BRIGHTER, PROSPEROUS NEPAL THROUGH THE DEVELOPMENT OF HYDROPOWER

## Financial Closure of 27 MW Dordi Khola Hydroelectric Project

The financial closure of the 27 MW Dordi Khola Project was concluded on 7<sup>th</sup> November, 2013. Eight banks and financial institutions including HIDCL agreed to provide Nepali Rs. 3.17 Billion to the project through a consortium led by Prime Commercial Bank. HIDCL will be providing a debt of Rs. 500 Million through the consortium to the project.

The estimated project cost including interest during construction period is Rs. 4.23 Billion with a debt equity ratio of 75:25. The project is located in Chiti Village Development Committee of Lamjung district of Gandaki zone. The project is being developed by M/S Himalayan Power Partner Ltd. The project is expected to be commissioned by 2017 A.D.



### Financial Features

- Project Cost (NRs.): 4,235 M
- Debt Equity Ratio: 75:25
- Interest Rate: 12.0
- IRR on Project (%): 14.35
- Return of Equity (%): 18.29
- Payback Period: 6.06 Yrs

### Salient Features of the Project

#### Technical Features

- Capacity: 27 MW
- Design discharge: 15.28 m<sup>3</sup>/sec (Q40)
- Dam: Ogee weir, 70 m wide
- Power House: Surface Power House
- Turbine: HA, Francis Turbine (3 x 9.3 MW)
- Average Annual Generation: 142.75 GWh
- Transmission Line: 132 kV, 3.2 km
- Feeding Point into Grid: Proposed Udipur Substation

## Meeting with Senior Officials of Asian Development Bank in Manila

As a follow up of the International Hydropower Investment Meeting organized by HIDCL with support from the Government of Nepal and Asian Development Bank in Kathmandu on August 28-29 in Kathmandu on financing opportunities of mid-mega hydro project in Nepal with a focus on financing opportunities in a reservoir type hydro project, a six member delegation led by the Secretary, Ministry of Energy, Government of Nepal (and the Chairman, Board of Directors of HIDCL) Mr. Bishwa Prakash Pandit visited the Head Quarters of Asian Development Bank located in Manila, Philippines from 5-6<sup>th</sup> December, 2013.

The HIDCL delegation comprised of Joint Secretary, Ministry of Finance and Board Director Mr. Nabaraj Bhandari, Board Director Mr. Parakram Sharma and the Chief Executive Officer, Mr. Deepak Rauniar. Besides, the HIDCL officials, the Managing Director of Nepal Electricity Authority, Mr. Arjun Karki and Joint Secretary of the Office of the Investment Board of Nepal, Mr. Mukunda Paudyal comprised the Nepal Delegation.

The delegation made a courtesy call to Mr. Bindu N. Lohani, Vice President of ADB, Mr. Milami bin Hamad, Executive Director for Nepal, and sought support for the energy sector of Nepal. The need for more cross-border transmission infrastructures were emphasized by both Nepal delegation and ADB in the meeting. The senior official of ADB assured their support to the Nepal delegation on ADB commitment to contribute to the growth of the power sector of Nepal.

During the two days meeting, extensive discussions with various departments of ADB were held on financing products and opportunities of ADB, from which Nepal could benefit. The visit provided a good opportunity to HIDCL to make an outreach to ADB. The CEO of HIDCL briefed the senior officials of ADB about HIDCL as a new and focused institution established by the Government of Nepal to raise financial resources required for mid-mega hydro projects and make these available to projects for development.

## CEO addresses workshop on "Indian Commercial and Regulatory Aspects of Power Import from Nepal"

Chief Executive Officer of HIDCL, Mr. Deepak Rauniar addressed a one day workshop entitled " Indian Commercial and Regulatory Aspects of Power Import from Nepal". The workshop was jointly organized by the British High Commission in New Delhi and the Confederation of Indian Industry in New Delhi on 11<sup>th</sup> December, 2013.

The objective of the workshop was to discuss and debate on the regulatory and other impediments affecting the import of power from Nepal to India with the important stakeholders of both the countries. The workshop was organized in the background of the huge hydro power potential in Nepal, and the increasing demand for energy in India. Further, with a substantial coal based power generation in India, the import of hydro power from Nepal was emphasized as a better alternative to migrate to cleaner energy.

The one day workshop was inaugurated by Mr. Umesh Narayan Panjiar, Chairman of Bihar Electricity Regulatory Commission, who emphasized on the people to people relationship between the two countries and the actual opportunity of power imports from Nepal to India. He stressed on the need of concerted efforts to actually realize power exports from Nepal to India, and expressed his support to the cause. The session was also addressed by Mr. Udaya Raj Sapkota, Joint Secretary, Ministry of Energy, Government of Nepal, who briefed the august gathering consisting of many senior government and private sector power company officials, on the various legal and regulatory provisions of the power sector of Nepal.

The CEO of HIDCL addressed the session 'Infrastructure challenges for power import from Nepal to India'. He briefed the gathering about HIDCL as a new initiative of the Government of Nepal for the development of mid-mega hydro projects in Nepal, its business objectives and mandates, the opportunities in the generation and transmission space in Nepal, and how HIDCL could play a supportive and coordinating role in bringing overseas investment in the power sector of Nepal.

The meeting was addressed by a number of key players in the hydro space in India including GMR, SJVN, Power Grid, Lanco Hydropower, Bhilwara Group, IL&FS, Essar Power, Jindal Power etc. The meeting concluded with the need for a more clear vision on power exchange between the two countries, enabling regulatory and legal environment, more cross border transmission infrastructures, and the need to increase the generation capacity in Nepal.

## India INVESTRADE 2013 held in Kathmandu

"India INVESTRADE 2013" - a three-day exposition and buyer-seller meet related to the energy sector and electrical products was organized in Kathmandu from 20-22 December, 2013 by the Indian Chamber of Commerce (ICC), Kolkata and the Indian Ministry of Commerce and Industry and Indian Embassy in Nepal. About 60 Indian companies representing "Electrical Equipment and Energy Sector" participated in the event, the objective of which was to showcase the different products available in the energy space, the works being carried out by Indian companies in the power sector, and help Indian investors to find areas for investment in Nepal. At the exhibition venue, a conference discussing various issues pertaining to bilateral cooperation in the energy sector also took place simultaneously. The exposition was inaugurated and addressed by eminent personalities from both the countries including Minister of Energy, Mr. Umakanta Jha, Minister of Industry, Commerce and Finance, Mr. Shankar Prasad Koirala and Minister of New and Renewable Energy of the Government of India, Dr. Farooq Abdullah.

Officials and experts from India and Nepal stressed on the need for promoting bilateral cooperation on promoting energy trade to reap mutual economic benefits. They expressed the need to focus on mutual collaboration on production as well as transmission and distribution of hydroelectricity. The need for Power Trade Agreement between the two countries was emphasized on the occasion.

President of Federation of Nepalese Chambers of Commerce and Industry (FNCCI) Mr. Suraj Vaidya and Director General of Indian Chamber of Commerce, Dr. Rajeev Singh signed a Memorandum of Understanding on the occasion. The MOU made provisions on the understanding reached between the two Business and Industry Association in assisting each other in trade and exchange of trade related information.

During a special session in the event, the CEO of HIDCL Mr. Deepak Rauniar made a presentation on Hydropower Financing in Nepal, and discussed avenues of collaboration with the visiting Indian business community.

### Meeting with (contd...)

He explained in details the objectives and mandates of the company, and initiated discussions on how ADB can support the fund requirements of HIDCL. The officials of ADB showed keen interest on HIDCL and its activities, and expressed their willingness to support HIDCL in its objectives, including supporting the funding requirements of HIDCL.

Besides, good discussion on issues related to the cross border transmission infrastructures, Power Trade Agreement between Nepal and India, the new carbon fund of ADB were also held.



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