

March 22, 2017

Sustainable energy- Honorable Minister's (Minister of Energy) translated speech for the Regional Meeting

Nepal has been trying to graduate from the least developing nation to the developing nation. In this context, Nepal has achieved a remarkable success in the Human Development Index though we are yet to achieve substantial progress on economic index. Energy is the major catalyst for the economic development of Nepal. For Nepal, the hydropower is a reliable and significant source of energy. The constitution of Nepal has embraced a policy for multipurpose development of water resources **mobilizing domestic investment along** with an active public participation. Energy being the backbone for the development of the country, the **development of** energy sector is highly **prioritized** in our **national** periodic plans. Attempts are being made for the development of hydropower sector via government, private and community investments along with the foreign investments. Only a small fraction of potential **hydro** capacity has been **harnessed** despite **established** institutional **arrangement** for the formulation and effective **implementation** of the relevant acts, rules and policies. The total installed capacity has reached 908 MW whereas the access to grid electricity is 74% of the total population. Hence, **in order to become self-sufficient** in the energy **generation, it is imperative** to execute the small, medium and large hydropower projects.

In the context of rapid modernization and industrialization of the country, demand to meet the energy requirement, completion of the projects within stipulated time and cost, coordination **among** the different stakeholders for the **development** of the projects, expansion and strengthening the **transmission/distribution** system and the limited contribution of the private sector in the electricity **generation** are the major challenges in the hydropower development. Energy being the backbone **for** the economic development and a medium **for** economic prosperity; energy sector being established as a high priority sector, myriads of investment opportunities, adequate possibility of foreign investment, establishment of the public ownership by the increment in share investments of the private sector and the local people can be regarded as the opportunities for the hydropower sector.

In this context, with a vision of achieving sustainable development and prosperity through the rapid development of hydropower, Nepal has been aiming to achieve electricity independency along with energy security and hence contributing to the economic and social prosperity of the country.

For next three years, strategies like increasing the investment in the hydropower, strengthening and expansion of the electricity transmission system, **increasing accessibility to** the electricity **through efficient** distribution system and **achieve** energy security through the mixed generation to ensure the easy access of the energy to all households and area **have been adopted**. The construction and development of reservoir type and large projects, study of various hydropower projects, development and construction of transmission lines along with the **implementation** of the **institutional** reform have already **been initiated** to achieve the aforementioned target. **By the end of three years**, the government of Nepal expects to achieve the energy installation capacity of 2301 MW, **some** 2552 MW **will be** in the phase of construction, completion of the 785 kms of the new transmission lines with the capacity of 66 kV or more, energy leakage being limited to 24%, having **access to electricity** increased from 74% to 87% and the per capita consumption of electricity being reached the mark of 160 GWh **through** the execution of the abovementioned tasks. Though, the above mentioned targets are determined on the basis of Gross Domestic Production (GDP) of the past periodic plan, the electricity demand in coming decade is projected to be 10,803 MW with some policy reform and GDP being maintained at 9.2 %. As per this GDP increment and the above mentioned projection, the total installed capacity of the country is estimated to be around 50,000 MW by 2040 A.D.

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Now is the era of economic transformation as the era of the political transformation is completed. The general public has a desire for the leap in the development works and the harnessing of the water resources is an appropriate sector for **this**. Sophisticated technology, capital and proper management are **requisite** for the development of this sector as it **is very competitive in nature**. Hence, we have requested for the **support** from our development campaign partners for the infrastructure development in Nepal.

We are constructing Upper Tamakoshi Hydropower Project with installed capacity of 456 MW on our own and there are some other projects in the phase of the construction. **Still** the timely completions of these projects do not meet **our** energy demand. We have **plenty of water** resources and appropriate geological formation for the operation of myriads of such projects. With the construction of dozens of such projects, we will be able to achieve economic transformation within a short frame of time.

The policy level vision of the government of Nepal has been **published** which **was** effective from **February 18, 2016** through the concept paper named “National Energy Crisis Mitigation and Energy Development Decade” **in order to** improve the energy sector **along with enabling investment** environment. **In line with this** concept paper, which is already in execution, **necessary policies are** already established and many other **policies** are in the process of execution. Hydropower Generation Company and National Transmission Company have been established. **Guidelines related to Power Purchase Agreements for different categories of projects – Reservoir, Run-off River, Peaking Run-off River and guidelines related to foreign currency denominated PPAs have been prepared. Nepal Electricity Authority is working on to start implementing those guidelines.** Such policy level provisions are expected to attract the investors in the hydropower development. For concrete and effective implementation of the above mentioned concept paper, we have come up with commitment paper entitled “**Nepal’s Water Resources, Public Investment**” (**Nepalko Pani Janatako Lagani**). To ensure the participation of general public and **Nepali living in foreign countries**, this policy **will help in the** development of large and reservoir type projects through Hydropower Generation Company by **mobilizing** the capital scattered across domestic market and domestic financial institutions.

We **are also working to** construct the high capacity transmission lines. For this, the process has been initiated to carry out the generation, transmission and distribution works via three different companies which now are being solely handled by Nepal Electricity Authority. This is being executed as per the demand of foreign and domestic investors. The investment in the hydropower sector in Nepal is secured in every possible way with high profit. The Government of Nepal has made a provision to conclude the PPA for the projects generating energy to be consumed in Nepal in convertible currency and to assure the **protection** of foreign investment as demanded by the foreign investors. In the era of globalization, we can’t deny the significance of the foreign investment for the infrastructural development. The poor countries lack the infrastructural development, capital, human resources and technical knowledge and the foreign investment will resolve such problems consequently creating the employment opportunities and increased income. I expect that the meeting to be held today and tomorrow will create an environment to unite the least developed countries of Asia and Pacific regions for the energy development through a rigorous discussion on technical, financial and different environmental aspects in the development of the energy sector.

Thank You!