Current State, Challenges & Opportunities in Hydropower Investment in Nepal

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About Myself

- Involved in Information and communication technology business since 1983, currently Chairman, Nepal Certifying Company, only a digital signature company licensed by Government of Nepal
- Worked 32 years in Universities (6 years in government service inclusive), 3 years in donor agencies and rest private sector
- Currently involved with 8 hydropower projects as board of director and investor
- Currently Chairman of Prabhu Life Insurance Ltd.
Remember late Shailaja Acharya, who opened up private sector in hydropower

Private sector currently important and dominant hydropower generator in the country

Almost all privately developed hydropower are the run-off river hydropower Projects

Higher cost of development/completion
Challenges

- **Financial**
  - Equity
  - Bank loan
  - Dhito Patra Board
  - Credit Rating
  - Capital market

- **Technical challenges**
  - Technical Manpower
  - Sediment issues
  - Lack of local environment suitable equipment (e.g. lack of turbine manufacturer in Nepal)
Challenges

- **Government Challenges**
  - Lack of one window system
  - Corruption
  - Lack of Incentive

- **NEA Challenges**
  - PPA and associated issues
  - Transmission Line

- **Social problems/issues**
  - Over expectation
  - Individual interest and local “dons’
Challenges

- Developers
  - Lack of unity, ineffective IPPAN
  - Lack of Professionalism
  - Ethical misconduct
  - “Small throat Big bone”
Prospects

- Until 10,000 MW there is no Major Risk but will not have higher return
- Personal satisfaction of “doing something”
- Picking and Reservoirs have brighter prospects
- Steady long term revenue when met with targets (completion time, cost and IRR)
- With existing government policy other sectors have attractive returns than hydropower
Prospects

- Government may allow developers to continue after 30 years
- Government may realize if energy is ‘export good’ provide incentive for hydropower
- Developers become ‘genuine’ developer
- Bankers become more professional and supporting
- ‘Bidyut Niyaman Ayog’ will become more of facilitator with regulatory power than become additional ‘hurdle’
Thank You