



Nepal Portfolio Performance Review ENERGY SECTOR

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Objectives of Power Sector Development

- **Clarifying the roles and responsibilities of public sector institutions operating in power sector and their strengthening**
- **Restructuring NEA**
- **Improving the rural access to electricity**
- **Development of power projects including storage type to balance the system**
- **Expanding the high voltage transmission network**
- **Promoting power trade**



Energy Sector Status

Activities	AS End of Last FY	TARGET 13 th PLAN
Per Capita Electricity Consumption	132.65	140
Generation MW	829	1358
Transmission (66KV above) KM	2848.86	2958.86
Consumption Access %	61.94%	67%
Houses (million)	2.868	3.115
Village	2892	3000
33 KV Distribution Line	4011.48	4000
11 KV Distribution Line	28824.48	25500



Planned Results Framework

Main Activities/Sub Activities	Progress FY2014/2015	
	Target	Achievement
Policy Unbundling of NEA		The Transmission Grid Company is established
Load Shading Reduction Plan		
▪ Additional Generation MW in grid	60	42.11
▪ Import Energy GWhr (up to 200MW capacity)	1324	1369.89
▪ Load Shading Hour (Limit up to)	Winter 12hrs Summer 7 hrs	Winter 10 hrs Summer 4 hrs
▪ Development of Solar Energy MW	25	Non
Electricity Consumers Access		
▪ Transmission 132KV Km	75	208
▪ 33 KV Transmission	50	80
▪ 11 KV Transmission	200	450
Public Grievances	80%	80%
Correction Financial irregularity (old & last year)	55%	47.5%



Energy Sector Portfolio Challenges

Themes	Thematic Challenges	Measures
Public Financial Management	<ul style="list-style-type: none">• Inadequate Financial Management of NEA.• Delay in Financial Audit• Deficit in budget.	<ul style="list-style-type: none">• Full roll out of IFMIS in and trained NEA staffs.• Implement a calendar for annual financial auditing. Also the support is expected from FCGO.• Allocate sufficient budget as approved annual programs.
Human Resource	<ul style="list-style-type: none">• Lack of design /supervision engineers, procurement specialist, safeguards experts etc.• Political interference in transfer of staffs.	<ul style="list-style-type: none">• Outsource experts as and when required.• Trained NEA engineers to execute NEA projects.• Frequent transfer of key project staffs including Experience project managers to be stopped and retained the key staffs throughout the project period.



Energy Sector Portfolio Challenges

Themes	Thematic Challenges	Measures
Human Resource	<ul style="list-style-type: none">• Weak capacity of project staff• Delays in approval of EIA, IEE and TORs etc.• Delays Transmission Line Project . (Right of Way, land acquisition and forest clearance)	<ul style="list-style-type: none">• Performance based Key staff should be selected• Proper assessment of project impacts. Detailed survey, route alignment, project layout need to be finalized before carryout environment study.• Supportive legal and regulatory frameworks are needed to resolve issues of land acquisition, rights of way, forest clearance and resettlement. A Committee under NPC member is established on Direction of NDAC.
Procurement	<ul style="list-style-type: none">• Slow in procurement process in NEA	<ul style="list-style-type: none">• NEA should comply with Procurement Plan as agreed with DPs



Energy Sector Portfolio Challenges

Themes	Thematic Challenges	Measures
Procurement	<ul style="list-style-type: none">• Timely award of contract.• Low project readiness at approval.• Weak project implementation.• Contractor's poor performance .• Low capital expenditure	<ul style="list-style-type: none">• Time bond evaluation (both T& F) assignments to be adopted. The Evaluation schedule should be included in the bidding documents.• The project should be examined thoroughly for readiness before implementation. The examiner should recommend if any measures are to be taken.• Strengthen compliance and enforcement mechanism of contractual provisions for contractors.• Immediate action should be taken by the project management for delay in execution of works. Otherwise the key staffs should be penalized



Energy Sector Portfolio Challenges

Themes	Thematic Challenges	Measures
Mutual Accountability	<ul style="list-style-type: none">• Fragmented project planning and design among DPs.• Lack of project ownership and accountability in NEA.	<ul style="list-style-type: none">• Enhance coordination mechanism between the line ministries, NPC, DPs and other agencies.• Project managers should take ownership till the end of execution and be accountable for any delay in project.
M & E and Results	<ul style="list-style-type: none">• Gap between project planning and budgeting and achievement.• Poor performance of supervision consultants and weak monitoring by the employer to their performance.	<ul style="list-style-type: none">• Strengthen monitoring and revaluation functions among the ministries and NPC.• Performance based contract with project managers.• Employer's Strong Monitoring Committee should be established, the penalties system should be developed and mentioned in agreement with supervision consultants.• Implement Management Information System (MIS) in line ministries too.



Action Plan for Next Financial Year

Activity	Actions
Generation	<ul style="list-style-type: none">• Detailed Engineering Design of Budhigandaki (1200 MW) Storage Project will be completed, Land acquisition for main structure will be initiated. Detail Engineering Study and EIA of Nalsingad Storage Project (410Mw) will be started• Chameliya 30MW and Kulekhani 14MW will be completed.• Grid Solar Project (25MW) funded by WB will be started.• 140MW Tanahu Hydro Storage Project will be started.
Transmission	<ul style="list-style-type: none">• Master Plan of Inter-country transmission line will be completed. 6 nos. of interconnection points between Nepal & India have been identified.• Registered National Grid Company will be operationalized.• Dhalkebar-Muzaffarpur 400KV Cross boarder transmission line will be completed.
Distribution	<ul style="list-style-type: none">• Grid Substation Reinforcement Project funded by ADB will be commissioned. (3 substations.)• Distribution System Augmentation Project will be



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