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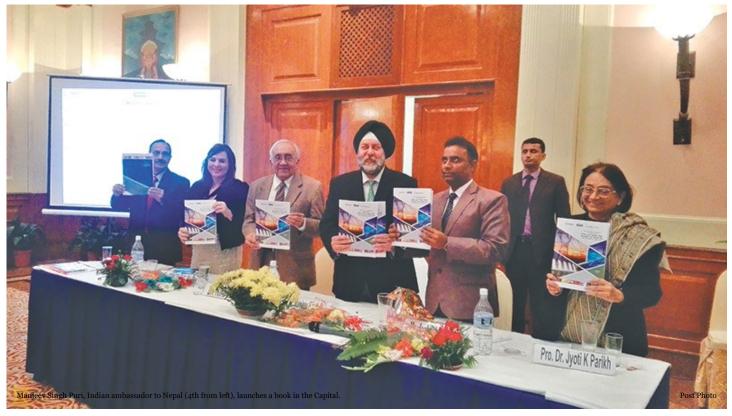
Energy sector can attract Rs28.93t in foreign capital

- Post Report (/author/post+report), Kathmandu

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Manjeev Singh Puri, Indian ambassador to Nepal (4th from left), launches a book in the Capital.   Post Photo

Dec 2, 2017-Nepal can attract more than Rs28.93 trillion in foreign capital into the energy sector by 2045 if it makes foreign direct investment (FDI) a top priority by pursuing an accelerated power trade strategy, experts said Friday.

(http://www.nicasiabank.com/)
If Nepal's goal is to expand the economy at a faster rate, it's important to recognise the necessity of FDI, they said. Nepal has to realise that two energy-hungry and populous countries, India and Bangladesh, are potential power trading partners for Nepal, they said.

"Nepal can increase its power capacity substantially through FDI. There is no point delaying things further," said Prof Kirit Parikh, chairman of Integrated Research and Action for Development, presenting a paper entitled 'Consequences of Nepal India Electricity Trade'.

He was speaking at a high-level round table discussion entitled Regional Cooperation for Power Trade: Nepal India Perspective, under USAID's South Asia Regional Initiative for Energy Integration (SARI/EI).

Run-of-the-river type plants to harness energy are the cheapest and easiest to construct, Parikh said. In addition, run-of-the-river plants cause less environmental impact and human displacement compared to storage-type plants. However, a number of storage-type hydro projects are required to meet domestic demand, he said.

With accelerated power trade, net annual export revenue from electricity trade would be Rs310 billion in 2030, Rs840 billion in 2040 and Rs1,069 billion in 2045, he said.

The gross domestic product (GDP) in 2045 with accelerated power trade is 39 percent higher than in the current scenario (base year 2012). "Investments in 2045 with accelerated power trade become 33 percent of GDP, suggesting even more robust economic growth in the future," he said.

As trade promotes industrialisation, which creates better paying employment, share of industry in GDP becomes 30 percent compared to 21 percent in the current scenario.

The power capacity increases to 34.4 GW in 2045 with accelerated power trade compared to only 8.9 GW without trade currently.

The hydro potential in South Asian countries of 350,000 MW—India 150,000 MW, Nepal 83,000 MW, Bhutan 30,000 MW, Pakistan 60 MW and so on—is the largest untapped potential in the world.

But Nepal, home to around 6,000 rivers, rivulets and tributaries, as of now, has the installed capacity of less than 1,000 MW, whereas peak demand stood at around

1,385 MW in the last fiscal year, as per the Economic Survey 2015-16.

"Conversations gap between the South Asian regions in the last 20 years is going on. This has impeded growth," said Manjeev Singh Puri, Indian ambassador to Nepal. "We have been talking about the huge potential of hydro power since the last two decades.

But where is this. We don't have a single project in many years," he said. It is for this reason that the per capita annual electricity consumption is one of the lowest in the region, he added.

(http://www.ekantipur.com)
"If you want a large change, it won't come from small process. One or two MW cannot make any difference. It's a large project that will make things happen and benefit all of us. Obviously there are some issues that we have to talk."

Puri said that the technology evolution would not wait for anyone. For example, producing a unit of hydro energy costs IRs4 while wind power was auctioned at Rs2.64 per unit and solar at Rs2.42 per unit in India recently. "It's time for us to act before it becomes too late as we are habituated to delaying things, whether it's Nepal or India."

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