



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA



Millennium Challenge Account Nepal (MCA-Nepal)

Electricity Transmission Project Power Sector Technical Assistance

Outreach Event, New Delhi
8 August 2023



MCA-Nepal Formation and Structure

Formation

Government of Nepal (GoN) agency, formed under the Development Board Act 2013 BS (1956 AD) on 18 April 2018 to implement MCC Nepal Compact

Board of Directors

Chair: Secretary, Ministry of Finance (MoF)

Members:

- Joint Secretary, Ministry of Physical Infrastructure and Transport (MoPIT)
- Joint Secretary, Ministry of Energy, Water Resources and Irrigation (MoEWRI)
- Managing Director, Nepal Electricity Authority (NEA)
- Private Sector Representative
- Civil Society Representative
- Executive Director, MCA-Nepal (**Member Secretary**)

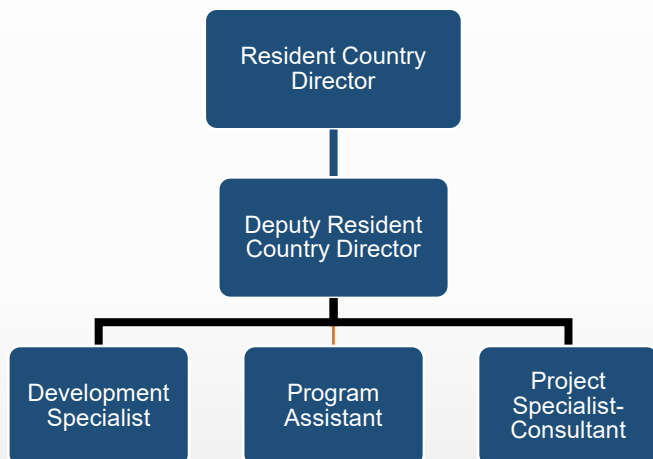


Compact signed on 14 September 2017



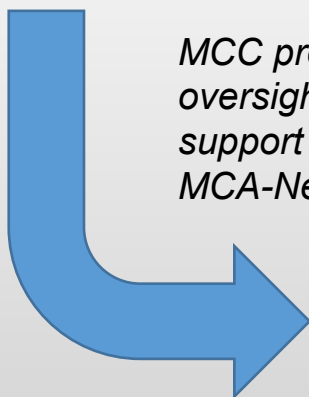
MCC and MCA– Separate Entities

MCC-Nepal

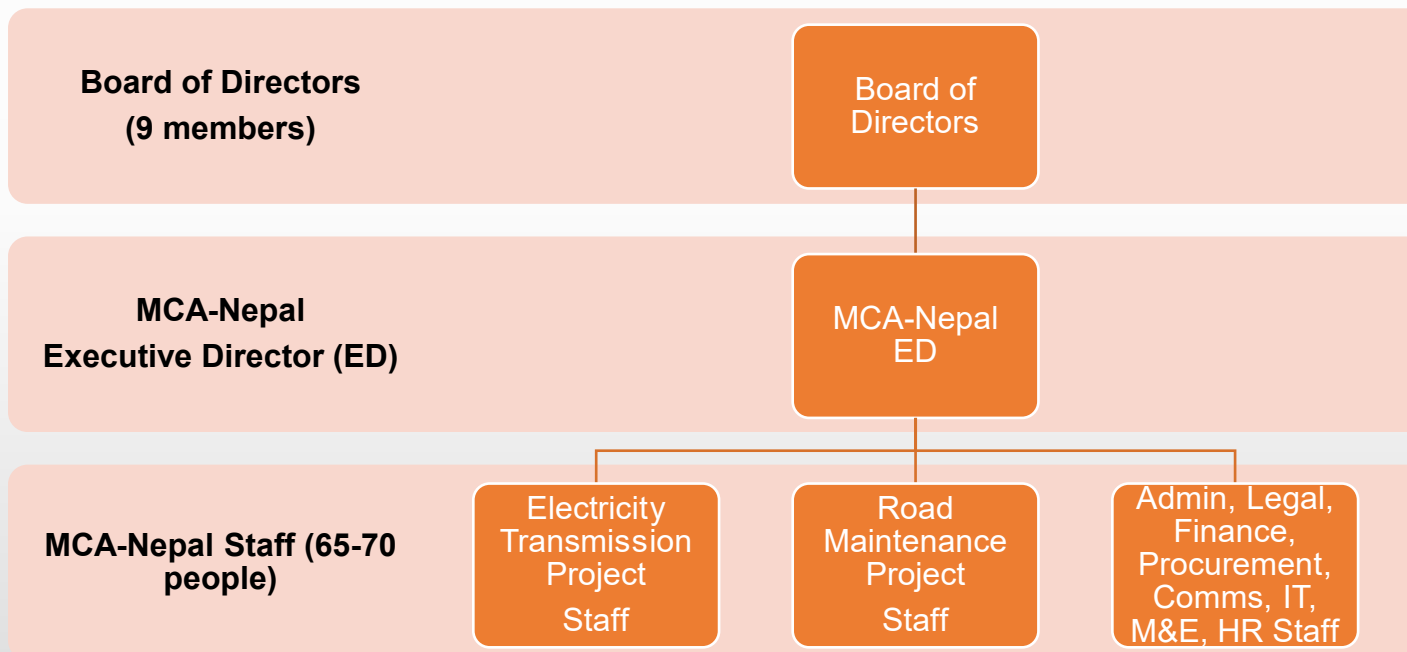


The two entities work closely together, but they are separate entities.

MCC provides oversight and support to MCA-Nepal



MCA-Nepal





Projects- Snapshot

Electricity Transmission Project (ETP)



USD 582.4 million

- Construction of up to 315 km long 400 kV electricity transmission line.
- Three new 400 kV Sub-stations (Ratmate, Damauli, New Butwal).
- Technical Assistance to NEA and ERC.



- MCC's USD 500 Million Grant assistance
- GoN's USD 197 Million investment

Road Maintenance Project (RMP)



USD 54.9 million

- Maintenance with modern technology of up to 40 km road segment of East-West Highway in Dang district.
- Technical Assistance to DoR and RBN.



Condition Precedents – for Project Implementation

- ✓ Declaration of ETP as a National Pride Project
- ✓ Formation of Electricity Regulation Commission
- ✓ Program Implementation Agreement
- ✓ Nepal – India agreement on the construction of New-Butwal – Gorakhpur Transmission Line
- ✓ Parliamentary Ratification of the Compact
- Land Acquisition, Forest Clearance and Site Access to working areas



**Parliamentary Ratification
– Feb 27, 2022**



**Nepal-India agreement
– Oct 15, 2019**



Timeline of the Program

**Compact Signing:
14 Sept 2017**


**Entry Into Force –EIF
August 2023
(Estimated)**

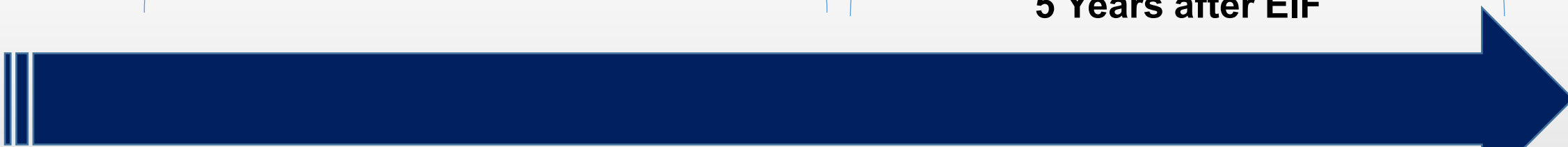
**Compact Closeout
August 2028**

5 Years after EIF

**Project Preparation and
Conditions Precedent**

**Project
Implementation**


**MCC BoD
Selects Nepal**





Projects- Working Areas



Legend

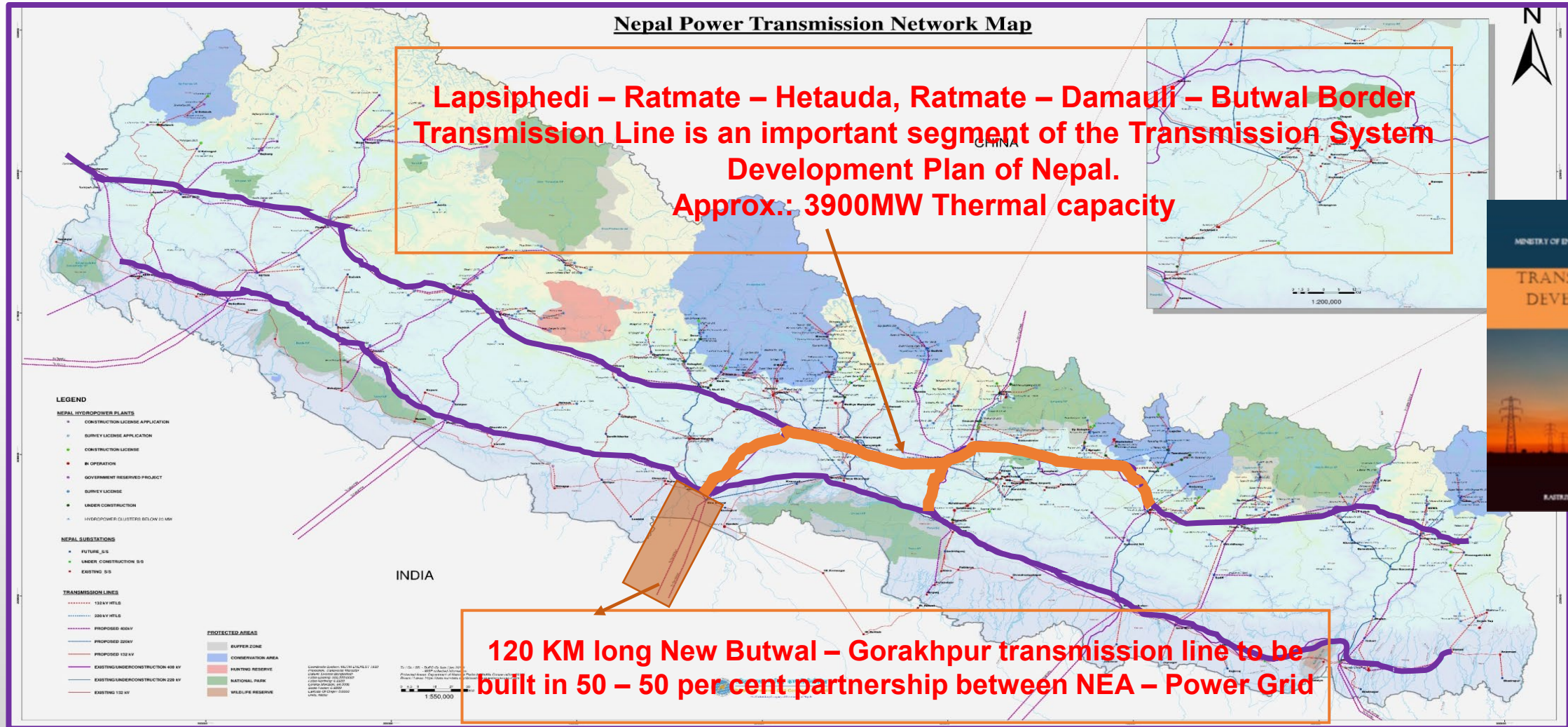
	International Boundary	Transmission Line Section	
	District Boundary		Lapsihedi to Ratmate
	Koshi Province		Ratmate to New Hetauda
	Madhesh Province		Ratmate to New Damauli
	Bagmati Province		New Damauli to New Butwal
	Gandaki Province		New Butwal to Nepal India Border
	Lumbini Province		Substation
	Karnali Province		Tower
	Sudurpaschim Province	Road Section	
			Dhankhola- Lamahi



Dhankhola-Lamahi
40km Maintenance works



TL: An important segment of Transmission System Dev. Plan of Nepal





ETP: Overall Work Progress

- Designs of transmission lines and substations finalized;
- The GoN has approved the Environment Impact Assessment (EIA) Report;
- **Consultations and Public Hearing events with stakeholders of project affected areas conducted;**
- **Major Bids for TL and SS already launched;**
- The selection process of Consultants - Construction Supervision Engineers is in the final stage.



Public hearing program at Belkotgadhi in Nuwakot.



ETP: *Transmission Line Work Progress*

- Bids for the construction of TLs have been opened, and the evaluation process of proposals is in progress;
- The process for land acquisition as per Land Acquisition Act, 1977 is in progress, under which Compensation Fixation Committees have been formed in nine districts and notices related to land acquisition have been issued;
- Field survey and verification works on forest census for forest clearance on the TL alignment has started;
- Re-survey of around 30 km of 315 km transmission line route alignment completed.



Re-survey work of 30 km



ETP: *Substation Work Progress*

- Invitation for bids for the construction of three 400kV substations published - final date for submission is 4 September 2023;
- Land acquisition for Ratmate Substation site has been completed (99 % compensation distributed) - Boundary wall construction work ongoing;
- Livelihood Restoration Program (LRP) for Project Affected People in Ratmate Substation site ongoing - 272 PAPs part of the program.



LRP training in Nuwakot.



Technical Assistance

- Technical Assistance to Nepal Electricity Authority (NEA)
- Technical Assistance to Electricity Regulatory Commission (ERC)



Technical Assistance to NEA

Objectives:

- The Power Sector Technical Assistance Activity aims to support NEA by improving its transmission business in the areas of regulatory cost recovery, improved grid operations, and better system planning.
- To increase the pace of investment required for transmission network capacity to meet growth in electricity supply and demand that will increase the reliability of the transmission network by reducing outages and power quality problems.
- To enhance the financial viability of the power sector.



Technical Assistance to NEA

NEA TA program focuses on Transmission Business Group of NEA covering the following areas:

- Transmission Business Transformation
- Asset Maintenance & Operation
- System & Market Operation
- Network Development Effectiveness
- System Planning



Technical Assistance to ERC

Technical Assistance (TA) Program objective to assist ERC in successfully operating as an independent electricity sector regulator through capacity building of the ERC commissioners as well as the staff members and to help bring transparency, efficiency, and competition into Nepal's power sector.

Areas of support include:

- Embedded regulatory advisors
- Short-term technical assistance
- Logistics and other support
- Training and study tours



Fostering economic growth with better access to electricity and roads.