



Peer Review - Review Existing Feasibility Study of Karnali Chisapani HPP (10,800 MW)

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FINDINGS OF PEER REVIEW

1. The project is multipurpose with storage for irrigation, electricity through hydropower plant and flood mitigation being the dominant features. However, the introduction and subsequent study lays more emphasis mainly on the hydropower utilization of the project and little on the other allied purposes. The operational criterion of reservoir is not clear which need to be elaborated in the study.
2. Award of both phases of the project to same consultant is not a right approach. The study need to be conducted in two phases, Phase-I of the project should deal everything except detail design/tender level design, tender documents and construction which are to be covered in Phase-II.



FINDINGS OF PEER REVIEW

- 3 Political, socioeconomic, financial economic and other related issues which can confront the regional electricity trade market among the regional countries have not been touched upon in the report which is very crucial for regional development of the project.
4. The probable financing model, resources and implementation approach has not been discussed.



The Way Forward

1. The Karnali Chissapani HPP project is considered to be technically viable.
2. It is also envisaged that the updated feasibility will make it more relevant to the present conditions and future needs.
3. Even on the basis of the studies carried out so far one can conclude that it is a feasible project while taking into account the cost of the project and the benefits that can be accrued from it.
4. However one needs to ensure while formulating the tariff model that the proposed tariff should be within the range of prevailing tariff in the region.



The Way Forward

5. Being a 10,800 MW project with a price tag of approximately 20 billion USD the project is not feasible if taken up the Nepalese Govt. as it neither has the demand for the project capacity nor the finances for the project. It will only be feasible if it is developed while taking into account the regional demand and more appropriately the demand in the neighbouring country of India.
6. The location of the project is such that being at the Northern end of the region and in absence of a regionally connected network the best option would be wheeling from the project into the neighbouring countries of India by utilizing the existing network and connecting it appropriately to the neighbouring countries at convenient points/locations.



The Way Forward

7. Regional co-operation has been a dream on a global stage since the start of statehood. It has been in practice in different parts of the world in many aspects bearing fruitful results. However its success has depended largely on factors that are driven by politics.

8. Within the SARC region very little if at all has been accomplished in the spirit and name of regional cooperation. An atmosphere of distrust looms among different sets of countries within the SARC making it very difficult for implementing projects on the basis of cooperation. The animosity between Pakistan and India dominates the whole regional cooperation issues.

- Pak-Iran-India gas pipeline
- Afghan-Pakistan trade
- Nepal – India trade
- India –Sri Lanka
 - Pakistan – Sri Lanka
 - Tappi



The Way Forward

- 9 . Road show to various investors-- multilateral, bilateral and private investors. Since, the Karnali (Chisapani) Multipurpose Project is a large project needing investments unprecedented in any single infrastructure in South Asia, getting necessary finances would be a challenge. For this purpose, a management consultant firm may be hired to determine the modality of the project development (PPP or as a regional projects with investment from the participating countries), and to assess the viable financing structure for the implementation of the project. (2-4 years)



The Way Forward

11. The way forward gives step by step pathway towards construction phase, which is linked up with approval of updated feasibility study by the SEC board and arrangement of necessary funding for the project, in right direction.



Thank you