



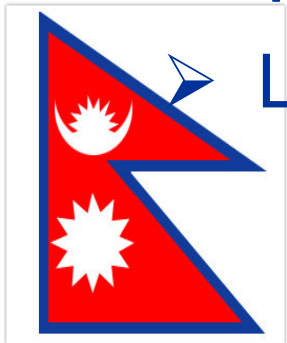
# Energy Regulation Development in Nepal

**Dr. Narayan P. Chaulagain - Executive Director , AEPC**  
**Iswar Singh Thapa - Joint Secretary, WECS**



# Regulation Development in Energy-I

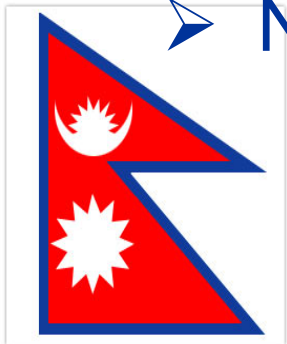
- Hydropower Development Policies 1992 and amended in 2001
- Water Resources Act 1992
- Electricity Act 1992, Electricity Regulation 1993
- Electricity Tariff Fixation Regulation 1993
- Water Resources Strategy 2002 and National Water Plan 2005
- Local Self Governance Act 1998





## Regulation Development in Energy -II

- Subsidy for Renewable (Rural) Energy, 2008 & Renewable (Rural) Energy Subsidy Delivery Mechanism, 2008
- Forest Sector Policy 2000 and Forest Act 1992
- Nepal Petroleum Act 1983 and Petroleum, Coal and Natural Gas Sub-sector Policy
- National Transport Policy 2001

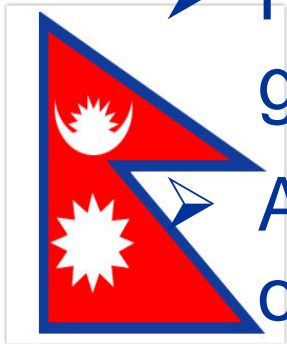




# Operational Arrangement

## Petroleum Sector

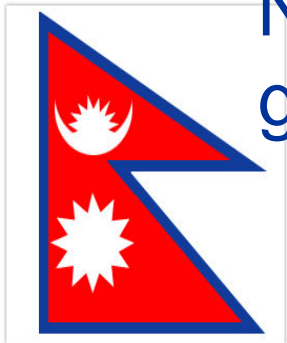
- Dependent on import
- Nepal Oil Corporation (government controlled) is the sole responsible agency in this sector
- Involvement of private parties only for distribution to the consumers
- Fixation of prices is controlled by the government
- About 50% of export earning spent on import of petroleum products





## Forestry Sector

- The ministry of forest officially allocates forest areas to the Timber Corporation of Nepal
- Community forest users group successfully managing the community forest
- The regulation of prices of community forest product by the forest users groups
- Government owned Timber Corporation of Nepal regulates the prices from the government forest





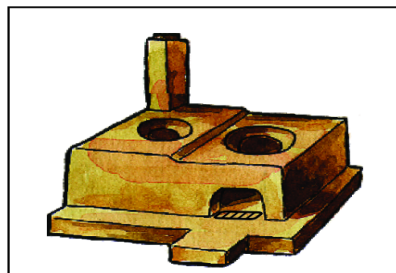
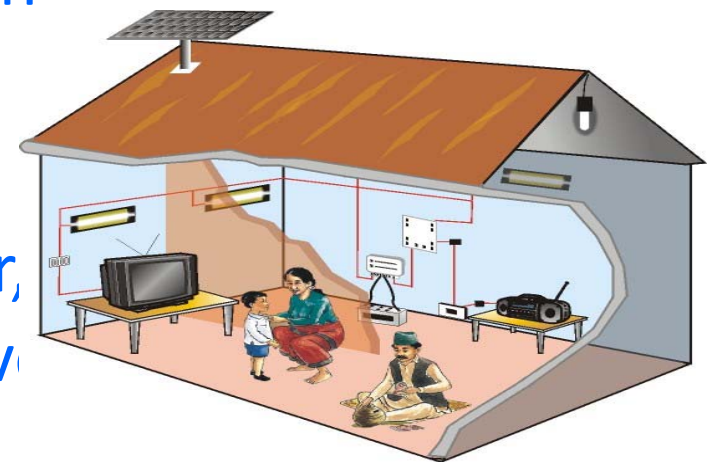
## Hydropower Sector

- Department of Electricity Development provides regulatory permission (i.e. licenses) for survey, generation, transmission & distribution
- Electricity tariff fixation commission: only for tariff fixation purpose
- Nepal Electricity Authority (NEA) under the Ministry of Energy solely responsible for generation, transmission and distribution
- IPPs also generate electricity and feed in to the central grid under PPA with NEA



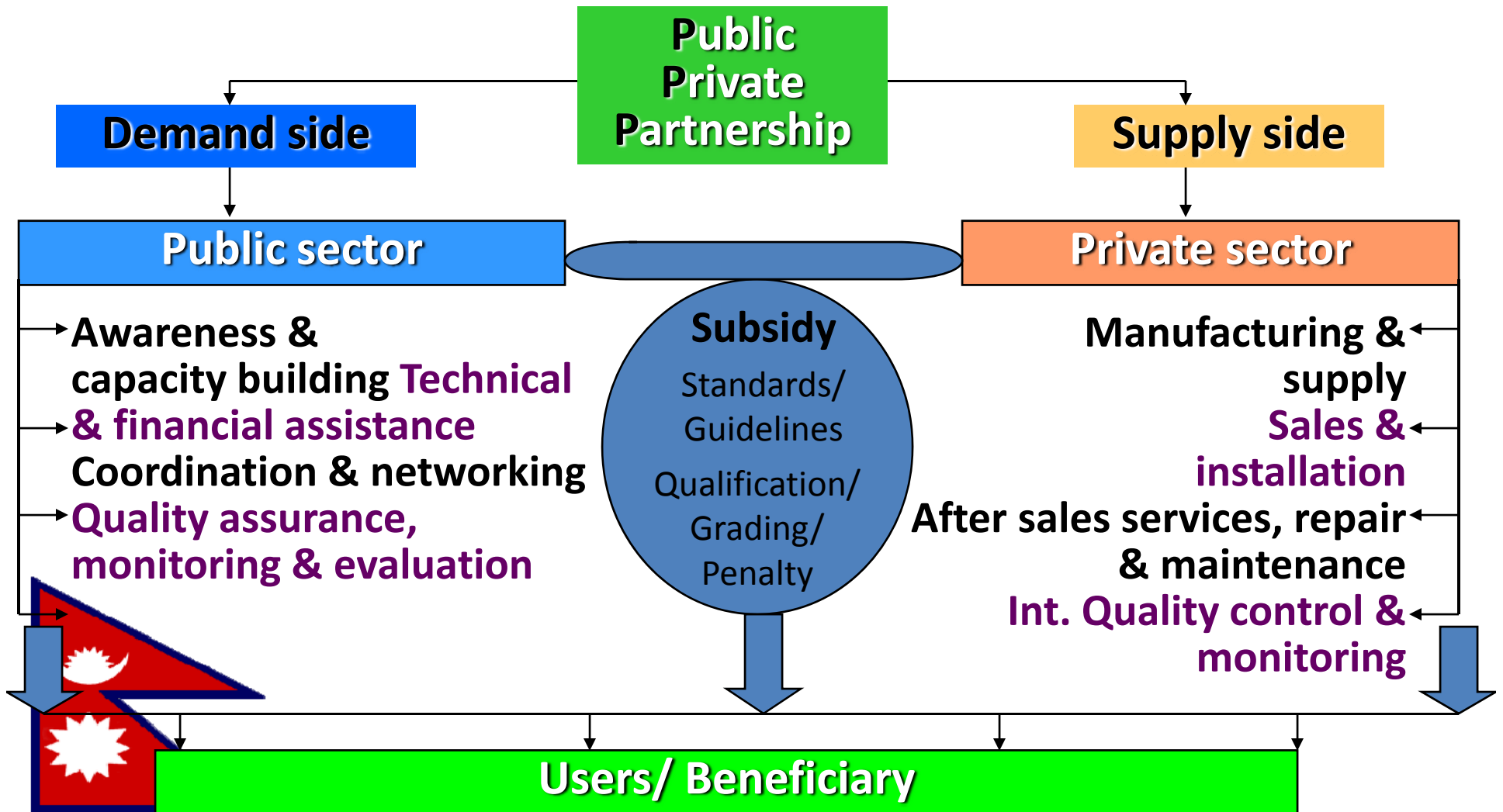
# Alternative Energy Sector

- Alternative Energy Promotion Centre was established in 1996
- For enhancing rural livelihood through the promotion of renewable energy technologies
- Provides subsidy in micro hydro, solar, biogas, improved cook stoves, improved water mills etc.
- Focuses also in public awareness stakeholders capacity building





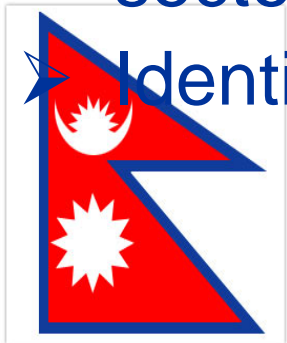
# Alternative Energy Promotion Programme Implementation Modality





# Water and Energy Commission (WEC)

- WEC was established in 1976 to work as a central planning and coordinating agency
- Planning and policy advisory (not regulatory) agency
  - Formulates and assists in developing policies and strategies
  - Renders advice and recommendation on bilateral and multilateral issues
  - Establishes coordination among national and sectoral policies and plan
  - Identifies viable power projects



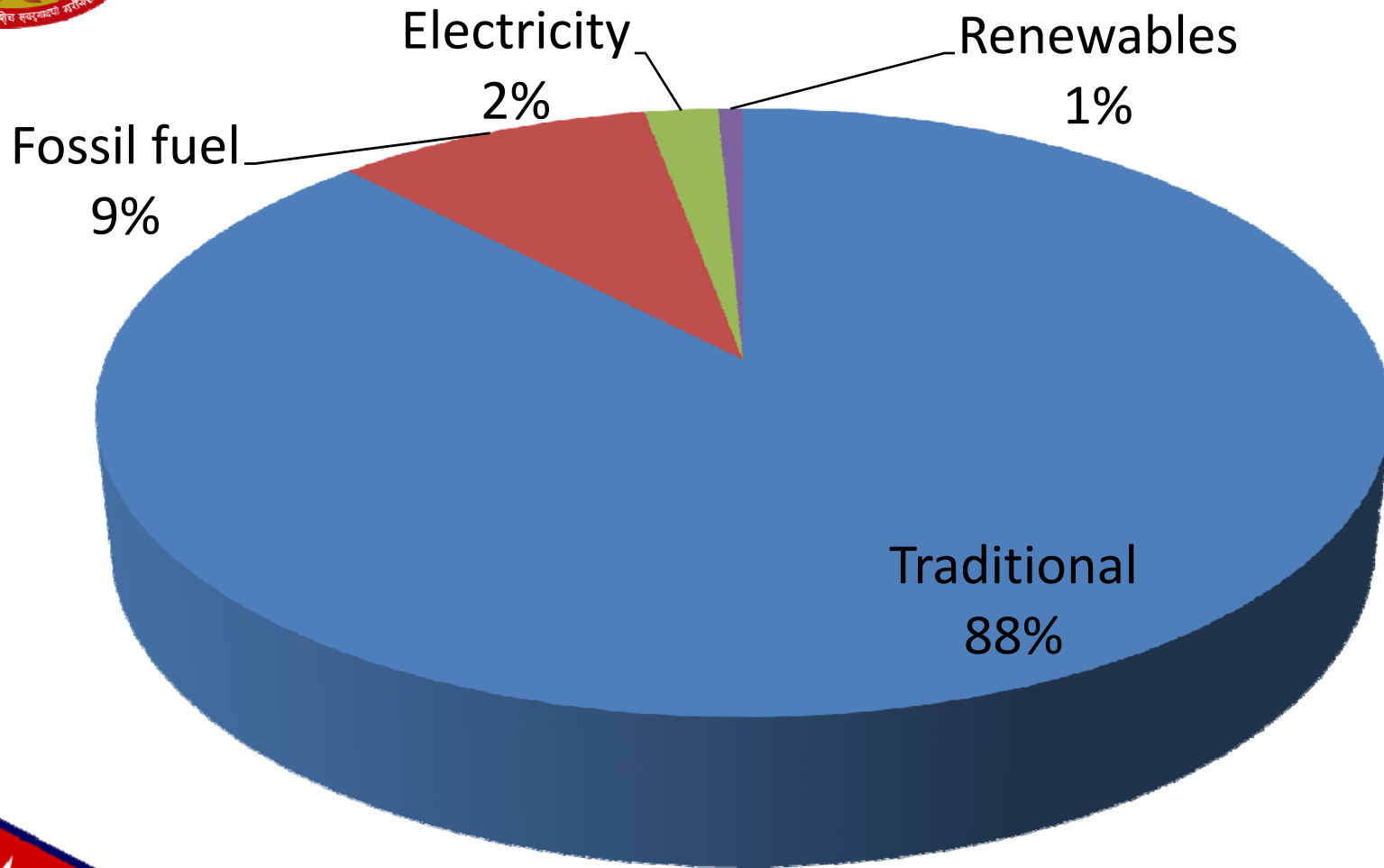


# Challenges and Issues



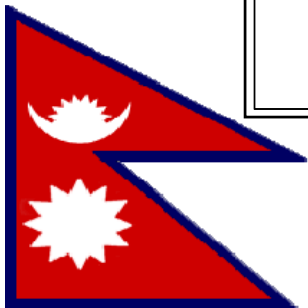
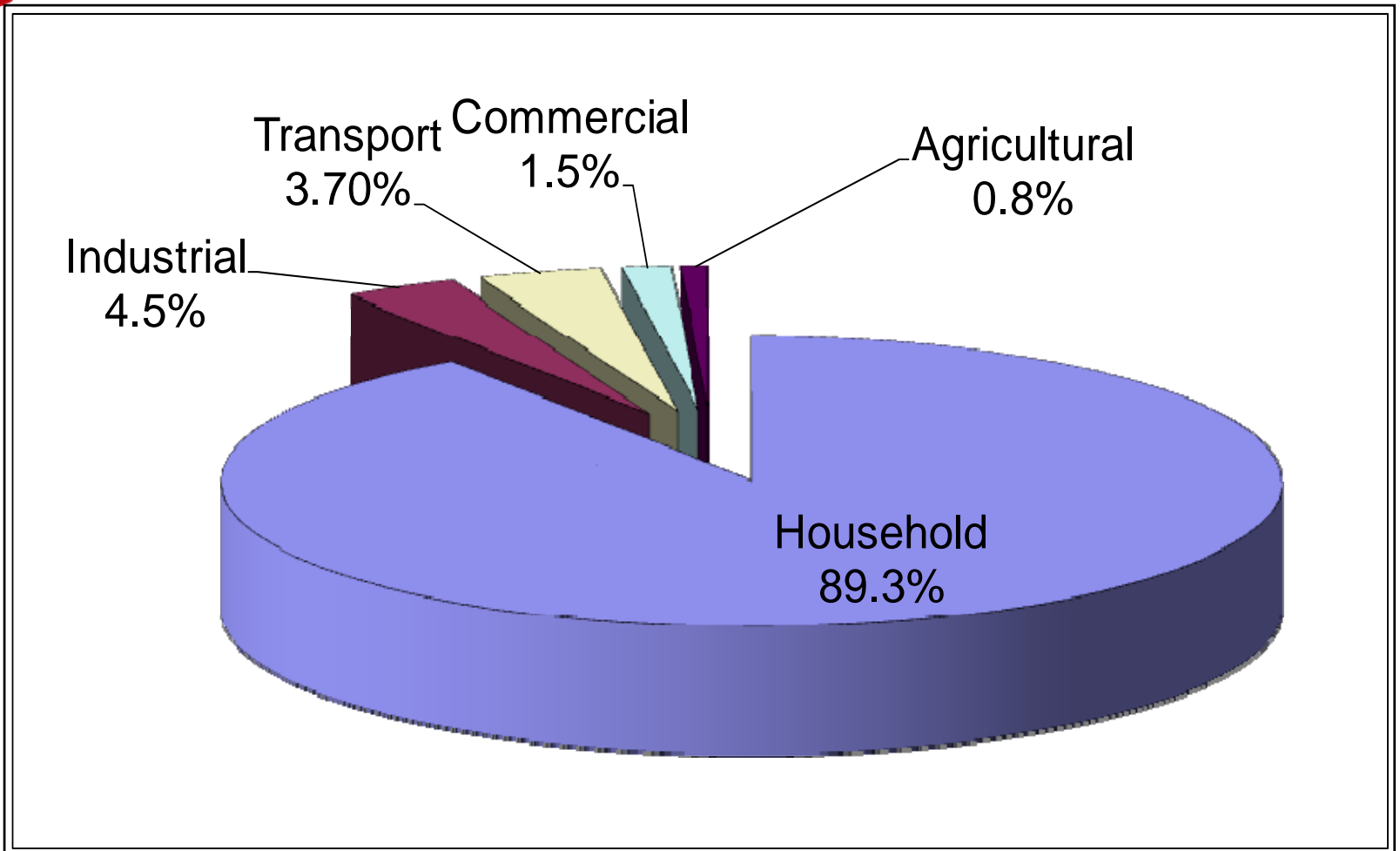


# Energy Consumption by Fuel Type





# Energy Consumption by Sector





# Issues/ Challenges in Energy

- **Traditional energy resources dominate energy supply side- non sustainable way**
- **Domestic sector dominates energy consumption side- not supporting economic growth**
- **Majority of the population (52%) without access to electricity**
- **Increasing deficit of electricity in the central grid**





# Issues/ Challenges in Energy

- **Limited coordination among energy related sectors**
- **Need to establish an independent regulatory mechanism**
- **Need for integrated energy policy, plan and corresponding legislation**
- **Need to encourage private sector on energy development**





# Meeting the Challenges

- **National energy strategy**
- **Integrated energy policy/ planning**
- **Effective central coordinating and regulatory mechanism**
- **Ensuring level playing field for all types of stakeholders**





# Necessary Legal Aspects

- National Electricity Regulatory Commission Act, 2009 (submitted to Parliament)
- Electricity Bill, 2009 (submitted to parliament)
- Formulate Renewable Energy Act
- Enact separate law for competitive market of petroleum products
- Formulate law on reducing deforestation, indoor air pollution and reducing GHG emission





Thank you !