

**NEA BOARD DECISIONS ON THE POWER PURCHASE RATES
AND ASSOCIATED RULES FOR PPA OF ROR/PROR/STORAGE
PROJECTS EFFECTIVE FROM 2074/01/14 (April 27, 2017)**

1. Rated capacity of hydropower projects to be eligible for local currency PPA = any capacity
2. Rated capacity of hydropower projects to be eligible for foreign currency PPA = above 100 MW
3. Maximum power purchase rate for energy = NEA's rate decided for ROR /PROR/Storage projects

ROR (Posted rate with 3% simple escalations for 8 years for the capacity up to 100 MW and the base rate to be lowered for projects above 100 MW with ROE higher than 17 %)

Option	Season	Rate Rs/KWh (upto 100 MW project)	Min. Dry season Energy required
1 (Dry and wet season 6 months each)	Wet (Jestha 16 - Mangsir 15)	4.80	30 %
	Dry (Mangsir 16- Jestha 15)	8.40	
2 (Dry and wet season months 4 and 8 respectively)	Wet (Baisakh- Mangsir)	4.80	15 %
	Dry (Poush- Chaitra)	8.40	

PROR (3% simple escalations for 8 years and base rate to be lowered for projects of any rated capacity with ROE higher than 17 %)

Season	Time of Day	Daily hours required to generate at rated capacity	Rate Rs./KWh	Min. Dry season Energy required
Dry (Mangsir 16- Jestha 15)	Peak hours	1 hr to less than 2 hrs	8.50	30 %
		2 hrs to less than 3 hrs	8.80	
		3 hrs to less than 4 hrs	9.40	
		4 hrs to 6 hrs	10.55	
	Non-peak hours	8.40		
Wet (Jestha 16- Mangsir 15)	All hours		4.80	

STORAGE (3% simple escalations for 8 years and base rate to be lowered for projects of any rated capacity with ROE higher than 17 %)

Season	Rate Rs/KWh	Min. Dry season Energy required
Dry (Mangsir 16- Jestha 15)	12.40	35 %
Wet (Jestha 16- Mangsir 15)	7.10 (If wet season energy is more than 50%, this rate shall be decreased by the excess %)	

- If dry season energy is less than 35% of annual energy, a storage project shall be considered as a PROR project for applying the power purchase rate.

5. Flat power purchase rate (example for less than 50% wet season energy : Dry season energy % *12.40 + Wet season energy % *7.10) shall be applicable for multipurpose storage projects.
6. The active storage volume of a storage project should not be less than the volume corresponding to the design discharge of 15 days and the dead storage volume should be designed not to be filled up by sediments for at least 50 years.
7. A PROR project must be capable of providing daily peaking power at rated capacity for minimum 1 hour to 6 hours at one time.
8. Despite any hours of daily peaking mentioned in PPA, power purchase rate for a PROR project in the dry season for the peaking energy shall be as per actual as approved once a year by the system operator after the project is commissioned.
9. If the energy supplied in dry season is found to be less than 30% after the ROR/PROR project comes into operation despite mentioning 30 % or more dry season energy in PPA, the annual energy supplied more than the estimated annual energy based on 30% energy in dry season shall be adjusted as a compensation in the monthly bill payment in the next year.

Example: Suppose, annual contract energy (X) = 100 GWh

Min. dry season energy required to be supplied = 0.3X

Suppose, dry season energy supplied in a year (y) = 29 GWh

Total estimated annual energy based on 30% dry season energy = $y/0.3 = 96.67$ GWh

Amount to be adjusted as a compensation = (Total energy supplied in a year – Total annual estimated energy based on 30% dry season energy)* Power purchase rate in the wet season of the relevant year

However, if the developer has paid the penalty on account of not meeting the energy as per the monthly availability declaration in a fiscal year, the only one which is higher out of the above compensation amount or the penalty in a year on account of not meeting the availability declaration shall be applicable.

10. The new rates and the associated rules shall be applicable only to the projects to be concluded from Baisakh 14, 2074 onwards.
11. For foreign currency denominated PPA, NEA Board has approved the guidelines based on the above rates and associated terms and conditions.