Update on Policies, Legal and Regulatory Framework for CBET - Bhutan

6th Meeting of SARIEI TF-1

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Pokhara, Nepal

Overview

- Why Reforms?
- Why CBTE?
- Policy and Legal Reforms

Why CBET?

- Socio-economic development achievements – GNI, HAI and EVI –all leading to graduation from LDC
- Hydropower contributes 13% of GDP, 35% of exports and approximately 27% of national revenue
- Achieved nearly universal access to Grid Supply
- Ext. debt over 80% on account of hydropower
- Domestic Demand ~ 340 MW to 950 MW
- Electricity Trade ~ surplus 5000 MU to over 39K MU
- India's mega trend demand forecast ~ over 1 million GW by 2030 (supply shortage in excess of 200 GW)

Why Reforms?

- EAB 2001 , SHDP 2008, AREP 2013, DETP 2016, EDP 2016
- Diversification of Economy
- Capacity building and technology transfer
- Experiment with different models
- Greater control and ownership
- PPP projects with greater RGoB control and ownership
- Explore market pricing opportunity
- GoI's CBTE Guidelines

Bhutan – Policy and Regulatory Framework

	Generation	Transmission	Distribution	System Operator	Electricity Trade
Enabling Act/Policy	EAB 2001/ SHDP 2008	EAB 2001	EAB 2002	EAB 2003	EAB 2001/SHDP 2008
Regulations	Dam safety Guidelines (under formulation)	Grid Code	Distribution code	Grid Code	PPAs/BAs
Licensing / Nodal Authority	BEA / DHPS, MoEA	BEA / DHPS, MoEA	BEA / MoEA	BEA/MoEA	BEA / MoEA
Operational Entity	DGPC / SPVs	BPC	BPC	NLDC (BPC)	DGPC / SPVs

Policy and Legal Reforms

i. Electricity Act 2001 – Institutional level, clarity - policy vs. regulatory, political vs apolitical, internal vs external etc.
ii. Sustainable Hydropower Development Policy 2008 – resource allocation, concession model, investigation studies
iii. Strategic Roadmap for development of hydropower
iv. Hydropower Guidelines for feasibility and construction codes
v. Social and Environmental Guidelines

Energy Sector Structure