

(45)

Protocol

**Protocol to the 2006 Agreement between the Government of the
Republic of India and the Royal Government of Bhutan
concerning cooperation in the field of hydroelectric power**

The Government of India (GoI) and the Royal Government of Bhutan (RGoB) (hereinafter referred to as Parties),

PURSUANT TO the Agreement between the Government of the Republic of India and the Royal Government of Bhutan concerning cooperation in the field of hydroelectric power signed on 28 July 2006;

BEARING IN MIND the friendly relations existing between the two countries and their peoples and the mutual trust, understanding and cooperation shown in the development of the hydro-electric resources of Bhutan;

NOTING THE successful completion of the Chhukha Hydro-electric, the Kurichhu Hydro-electric and the Tala Hydro-electric Projects and the successful commencement of the Punatsangchhu-I Hydroelectric Project which are all milestones in India-Bhutan cooperation in the field of hydropower; and

NOTING FURTHER the desire of the Royal Government of Bhutan to accelerate the development of additional hydropower potential in the Kingdom, and the Government of India's willingness to cooperate with and assist the Royal Government of Bhutan in attaining this objective,

Have agreed as follows:

Article-I

The Government of India agrees to assist the Royal Government of Bhutan in developing a minimum of 10,000 Megawatts of hydropower and import the surplus electricity from this to India by the year 2020. The modalities of developing this hydropower would be through existing models of direct Government of India assistance and through Indian and Bhutanese Public Sector Undertakings, in mutual consultation.

Article-II

The Royal Government of Bhutan shall identify the priority projects to arrive at the 10,000 MW capacity in mutual consultation with the Government of India. The Government of India and the Royal Government of Bhutan shall facilitate and expedite the preparation of their Detailed Project Reports (DPRs), and their implementation.

Article-III

The two Governments may designate one or more authorized agencies for trade in power across the border on a case by case basis. The designated agency(ies) shall determine protocols or specific bilateral instruments according to the needs of the Parties.

Article-IV

(a) An Empowered Joint Group (EJG) for hydropower development to fast track the approval of the implementation modalities, financing mechanisms, fund flows, contingency plans and monitoring of the progress of all activities related to the preparation of DPRs and construction of the selected hydropower projects, shall be formed comprising the following:

(i) From GoI

- i) Financial Advisor, Ministry of External Affairs, GoI
- ii) Joint Secretary (North), Ministry of External Affairs, GoI
- iii) Joint Secretary (Hydro), Ministry of Power, GoI

(ii) RGoB shall nominate four (4) members for the EJG

(iii) The two Governments shall nominate any other member(s) as required.

(b) The EJG shall meet in India and Bhutan once every quarter to expedite the implementation of the hydropower projects.

(c) The Minister, Ministry of Economic Affairs, RGOB shall be the Chairperson of the EJG. The EJG shall draw up its own rules of procedures.

(d) The Ambassadors of Bhutan to India and India to Bhutan shall be permanent invitees at the meetings of the EJG.

(e) As and when required, the EJG shall invite

- i) The relevant CEO(s)/MD(s) of the Special Purpose Vehicles (SPV) formed for implementation of each project;
- ii) For joint venture projects, the CMDs/Chairpersons of the equity partners of the SPV; and
- iii) Such other technical and financial experts as the EJG may deem necessary.

Article-V

All other provisions of the 2006 Agreement between the Government of the Republic of India and the Royal Government of Bhutan

concerning cooperation in the field of hydroelectric power shall remain unchanged.

Article-VI

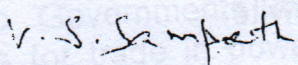
The two governments through mutual consultation may amend this Protocol from time to time.

IN WITNESS WHEREOF the following representatives duly authorized thereto by their respective Governments have signed this Protocol.

Signed on the Sixteenth Day in the Month of March 2009 in New Delhi in two originals in the English language.

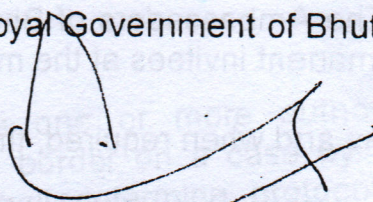
For Government of India

For Royal Government of Bhutan



Name: Shri V. S. Sampath

Designation: Secretary (Power)
Government of India



Name: Dasho Sonam
Tshering

Designation: Secretary,
Ministry of Economic Affairs
Royal Government of
Bhutan