Protocol to the Agreement between the Royal Government of Bhutan and the Government of the Republic of India regarding the Punatsangchhu-II Hydroelectric Project

The Royal Government of Bhutan and the Government of the Republic of India, (hereinafter called the 'Parties');

Bearing in mind the friendly relations between the two countries and their peoples and working to strengthen the same;

Recalling the Agreement between the Royal Government of Bhutan and the Government of the Republic of India regarding the Punatsangchhu-II Hydroelectric Project in Bhutan (hereinafter referred to as 'the Project'), signed by the two Parties on April 30, 2010 and further amended by mutual consultations between the Royal Government of Bhutan and the Government of India through Exchange of Letters dated 25 March 2026 (hereinafter called 'the Agreement');

Taking into cognizance the provisions of Article 9 (3) of the Agreement, which provide the manner and basis for the determination of tariff for the sale of surplus power from the Project.

Noting that NTPC Vidyut Vyapar Nigam Ltd. (NVVN) and Druk Green Power Corporation Ltd. (DGPC) would be the designated nodal agencies in India and Bhutan respectively for inter-country sale of Punatsangchhu-II power.

Have agreed, in pursuance of the said Agreement, as under:

(1) The tariff for energy shall be Rs. 5.10 per unit with effect from the date of commercial operation of the Project.

(2) The revision of the aforementioned tariff shall be undertaken between the two Governments as per frequency and terms as outlined below, in supersession of the condition of review prescribed in Article 9 (3) of the Agreement,

(a) The tariff arrived at (1) above will be increased thrice by 7% every five years (6th, 11th, and 16th years from the date of commercial operation of the Project).

(b) Thereafter, four increases of 5% every five years (21st, 26th, 31st and 36th years from the date of commercial operation of the Project).

(Tariff trajectory in line with 2(a) and (b) above is annexed to this Protocol)

(c) In case of any unforeseen event requiring excessive expenditure not covered by insurance, such unforeseen event would also be considered and provided for, through suitable adjustment.

(3) Through this Protocol, the two Governments hereby authorize the designated nodal agencies to enter into a Power Purchase Agreement (PPA) in accordance with the provisions of this Protocol.

(4) The sale of surplus power from the Project to India within the scope of the Agreement, this Protocol and the PPA between the designated nodal agencies referred to in at Para (3) above, shall be valid for a period of forty (40) years with effect from the date of commercial operation of the Project.

(5) The Parties may agree to extend the validity for sale of surplus power from the Project to India within the scope of the Agreement and the Protocol, by mutual consent.

(6) This Protocol to the Agreement shall be an integral part of the Agreement and shall come into force on the date of its signing.

IN WITNESS WHEREOF, The Parties have caused to be subscribed thereto signatures of their duly authorized representatives.

Signed in Thimphu/New Delhi on the 9th day of April in the year 2026, two originals in English.

FOR THE ROYAL GOVERNMENT OF BHUTAN	FOR THE GOVERNMENT OF THE REPUBLIC OF INDIA
(Mr. Karma Tshering) Secretary Ministry of Energy and Natural Resources	(Mr. Pankaj Agarwal) Secretary Ministry of Power

Annexure to Protocol to the Agreement between the Government of the Republic of India and the Royal Government of Bhutan regarding the Punatsangchhu-II Hydroelectric Project

<u>Tariff Trajectory for Punatsangchhu-II HEP</u>

Year	Tariff (Rs./kWh)
1	5.10
2	5.10
3	5.10
4	5.10
5	5.10
6	5.46
7	5.46
8	5.46
9	5.46
10	5.46
11	5.84
12	5.84
13	5.84
14	5.84
15	5.84
16	6.25
17	6.25
18	6.25
19	6.25
20	6.25
21	6.57
22	6.57
23	6.57
24	6.57
25	6.57
26	6.89
27	6.89
28	6.89
29	6.89
30	6.89
31	7.24
32	7.24
33	7.24
34	7.24
35	7.24
36	7.60
37	7.60
38	7.60
39	7.60
40	7.60