Embassy of India

Thimphu

Press Release: Kholongchhu Hydroelectric Power Project in Trashiyangtse set to begin construction

Taking further the stellar Bhutan - India cooperation in Hydroelectric Power Generation, contracts for construction works for the Kholongchhu Hydroelectric Power Project were awarded yesterday by the Project Management. The total value of the contracts awarded is Nu./Rs. 202.763 billion.

One of the contractors for the project is a Bhutanese construction company, M/s Rigsar Construction Pvt Ltd. which has been awarded a major contract amounting to Nu./Rs. 4.346 billion along with an Indian Company in a joint venture. The contract conditions further provide for offloading of minimum 20% of entire works (Nu./Rs. 40 billion) to local Bhutanese contractors, which will help in technology and skill development of local contractors in Bhutan.

The details of Contracts being awarded are as under:

Contract package KC-1 for the construction of Dam, Diversion tunnel, power intake, Desilting chambers and the Head Race Tunnel has been awarded to M/s Jai Parkash Asociates Ltd. for an amount of Nu./Rs. 97.2 billion.

Contract Package KC-2 for the construction of the Head Race Tunnel and Chaplangchhu Diversion works has been awarded to a 50:50 Joint venture of M/s Valecha Engineering and M/s Rigsar Construction Pvt Ltd, for an amount of Nu./Rs. 43.48 billion.

Contract package KC-3 for the construction of Power House, Surge shaft, Pressure shafts, BVH and a part of Head Race Tunnel has been awarded to M/s Jai Parkash Asociates Ltd. for an amount of Nu./Rs. 62.10 billion.

The Kholongchhu HEP is the first joint venture project being implemented under the Intergovernmental Agreement on Development of Joint Venture Hydropower Projects, signed in April 2014. The concession agreement for the project was signed between the Royal Government of Bhutan and the project developer, Kholongchhu Hydro Energy Limited (KHEL) in June 2020.

Kholongchhu Hydroelectric Power Project will be the seventh hydropower project to be built in Bhutan with the financial support of the Government of India. The project is being financed under a debt equity ratio of 70:30, wherein the debt will be raised by a joint venture company and the equity would be equally divided between Satluj Jal Vidyut Nigam ltd. (SJVN) and Druk Green Power Corporation (DGPC). Government of India is providing DGPC's share of equity in the JV company as grant. The project is being built at a cost of Nu./Rs. 54.818 billion. The project is stated to be completed by March 2026.

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