

AGREEMENT
BETWEEN
THE GOVERNMENT OF NEPAL
AND
THE GOVERNMENT OF THE REPUBLIC OF INDIA
ON
ELECTRIC POWER TRADE, CROSS-BORDER TRANSMISSION
INTERCONNECTION AND GRID CONNECTIVITY

The Government of Nepal and the Government of the Republic of India (hereinafter referred to as the 'Party' and collectively as 'Parties');

Bearing in mind the friendly relations and the mutual trust existing between the two Governments and their peoples;

Realizing the ever increasing demand of electricity for the socio-economic development and progress of their peoples;

Desiring to enhance their ties of friendship between the two countries through increased cooperation in the field of transmission interconnection, grid connectivity and power trade;

And

Recognizing that the cooperation in cross-border power exchange and trading through enhanced transmission interconnections and grid connectivity would mutually benefit both the countries by moving towards a common electricity market that could extend to sub-regional and regional levels;

HAVE AGREED AS FOLLOWS:

ARTICLE-I

This Agreement will enable cooperation in the power sector, including developing transmission interconnections, grid connectivity, power exchange and trading through the governmental, public and private enterprises of the two countries on mutually acceptable terms.

ARTICLE-II

- (a) The Parties shall mutually work out a coordinated procedure for secure and reliable operation of the national grids interconnected through cross-border transmission interconnection(s) and prepare scheduling, dispatch, energy accounting, settlement and procedures for cross-border power trade and unscheduled interchange.
- (b) The Parties shall allow non-discriminatory access to the cross-border interconnection(s) for all authorized/licensed participants in the common electricity market.

ARTICLE-III

- (a) The Parties shall encourage and facilitate investments, including joint venture investments between the two countries, in power sector on mutually agreed terms in accordance with their laws in force to enhance power trade.
- (b) The Parties shall take necessary measures to speed up interconnection planning and construction by inviting and facilitating governmental, public or private sector enterprises of the two countries.
- (c) The investments and related terms and conditions in developing specific cross-border transmission projects for power trade shall be governed by separate agreement(s) between the concerned entities on project to project basis.

ARTICLE-IV

- (a) The Parties shall cooperate on the various aspects of policy harmonization for the realization of cross-border interconnections, grid connectivity and power trade. Both Parties shall work towards removing, and mutually resolving issues relating to, barriers, including tariff, levies, fees, taxes, duties or charges of similar effects, if any, in the cross-border exchange and trading of electricity.
- (b) The Parties shall allow the authorized/licensed electricity producers/buyers/traders of each country to engage in cross-border electricity trading, including that through Power Exchanges, and to seek cross-border transmission access as per the laws of the respective country.

- (c) The Parties shall facilitate the sale and purchase of electric power in respective countries depending on the potential to generate and demand of electricity as may be applicable.
- (d) The Parties shall put their best efforts to ensure unrestricted flow of power subject to safety, security, stability and reliability requirements of their power grids as per the applicable standards.

ARTICLE-V

- (a) The Parties shall set up a Joint Working Group co-chaired by Joint Secretaries of the Power/Energy Ministries of the two countries to promote and facilitate cooperation in the areas identified under this Agreement. The Joint Working Group shall take lead role for planning and identification of cross-border interconnections, selection of transmission technologies, preparation of Detailed Project Reports (DPRs), and modes of investment for timely implementation of projects, and preparation and finalization of operation and maintenance guidelines.
- (b) A Joint Steering Committee co-chaired by the Power/Energy Secretaries of the two countries shall be constituted to review the progress made by the Joint Working Group. The Joint Working Group and the Steering Committee will meet at least twice a year and once a year respectively at mutually agreed venues.

ARTICLE-VI

This Agreement shall not affect in any way the obligations of the Parties under existing bilateral agreements between the Parties as well as their existing agreements with other countries.

ARTICLE-VII

Any divergence in the interpretation and implementation of this Agreement will be settled through mutual consultation between the Parties themselves.

ARTICLE-VIII

This Agreement shall enter into force upon signature and shall remain in force for a period of twenty-five years, and shall be automatically renewed thereafter every ten years, unless either Party gives the other Party a written notice three months in advance of its intention to terminate this Agreement.

Amendments to this Agreement can be made anytime by mutual consent of the Parties.

Notwithstanding the termination of this Agreement, the contractual obligations or activities already underway under this Agreement shall not be affected and shall continue till their completion.

IN WITNESS WHEREOF, the undersigned being duly authorized thereto by their respective Governments, have signed this Agreement.

Signed at Kathmandu on this 21 day of October 2014 in two originals each in English, Hindi and Nepali languages, all texts being equally authentic. In case of any divergence in interpretation, the English text shall prevail.

On behalf of the
Government of Nepal

On behalf of the
Government of
the Republic of India

Rajendra Kishore Kshatri
Secretary
Ministry of Energy
Government of Nepal

Pradeep Kumar Sinha
Secretary
Ministry of Power
Government of
the Republic of India