Early Warning System

IFC-51660

DHPP Hydropower

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Quick Facts

Countries	Bhutan
Specific Location	Dorjilung, Durungri, Mongar and Lhuentse Dzongkhag (district) in the Eastern part of Bhutan
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	A
Borrower	Dorjilung Hydropower Project SPV [Druk Green Power Corporation Limited (DGPC)]
Sectors	Energy, Hydropower
Investment Type(s)	Loan
Investment Amount (USD)	$ 300.00 million
Loan Amount (USD)	$ 300.00 million
Project Cost (USD)	$ 1,000.00 million

Project Description

As stated on the project disclosure page, IFC, as part of the World Bank Group is considering an investment of around US$300 million and additional mobilization of US$700 million in the 1,125 MW Dorjilung Hydro-electrical Power Project (DHPP, “the Project”) designed to generate approximately 4,500 gigawatt hours (GWh) of electricity annually, contributing significantly to the country and region’s clean energy capacity. The WBG would be providing support of US$ 800million in total, with remaining funding from IDA and IBRD.

The Project is a peaking run-of-river hydropower plant on the Kurichhu river (within the Kuri-Gongri River Basin) in Mongar and Lhuentse Dzongkhag (district) in the Eastern part of Bhutan. DHPP is proposed to be developed as a Public-Private-Partnership (PPP) through a special purpose vehicle (SPV) to be formed with Druk Green Power Corporation Limited (DGPC) and strategic private sector entity as the main sponsors of the Project. DHPP is expected to be developed on the basis of project equity sharing with a strategic partner. Shareholder Agreements are under development to ensure appropriate risk allocation arrangements that meet the expectations of project proponents, lenders, and relevant shareholders.

This project is a critical component of Bhutan’s sustainable energy strategy, aimed at harnessing hydropower potential within the Kuri-Gongri River Basin to foster economic development and regional energy security. The project will include a 139.5-meter-high concrete gravity dam, a reservoir of total storage capacity of 44.17 million cubic meters (MCM) and a surface area of approximately 145.82 hectares at the full supply level (FSL). The reservoir area extends 6.80 km upstream of the dam axis. The powerhouse will be underground, located approximately 16 km downstream from the dam and close to Lingmethang township. It will house six turbines, each with a capacity of 187.5 MW. Water from the reservoir will be diverted to the powerhouse through a 14.97 km headrace tunnel (HRT). The project is a run-of-river scheme with a diurnal peaking capacity of 3-8 hours which will reduce the water flow in a 16 km stretch of the river between the dam and the powerhouse. However, based on a detailed environmental flow (e-flow) study, a continuous release of 6 cumecs will be maintained throughout the year to preserve the aquatic ecosystem in this stretch.

Additional infrastructure will include extensive ancillary facilities, including construction power lines, access roads, muck disposal sites, contractor facilities, stockyards, construction power lines, batching plants, and quarries. Power generated by DHPP will be transmitted via a 400 kV line to the existing Durungri substation, located about 40 km south of the powerhouse. Two potential transmission corridors have been identified, with the final alignment to be confirmed through detailed surveys by Bhutan Power Corporation (BPC) at a later phase of the project.

The World Bank Group has supported the preparation of DHPP since 2022, through the Sustainable Hydropower Development Project (SHDP) to update and strengthen the DHPP feasibility study (Detailed Project Report, DPR) and the Environmental and Social Impact Assessment (ESIA). The ESIA is prepared by the Druk Green Power Corporation Limited, Royal Government of Bhutan (RGoB), and follows Good International Industry Practices (GIIP) and the World Bank’s Environmental and Social Framework (ESF). The project draft ESIA is disclosed alongside this early disclosure.

Early Warning System Project Analysis

As stated by the IFC, the project has been provisionally classified as Category A, subject to confirmation during appraisal. The Environmental and Social Review Summary shall be published at a later date.

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

As stated by Devex, the mission of Druk Green Power Corporation Limited (DGPC) is to promote, develop, and manage renewable energyprojects, particularly hydropower, in an efficient, responsible and sustainable manner, and to maximize wealth and revenues to the nation.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	DRUK GREEN POWER CORPORATION LTD	Client	Hydropower

Contact Information

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Bank Documents

- ESIA
- ESMP

Other Related Projects

- WB-P174327 Sustainable Hydropower Development Project