



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
VISHNUGAD PIPALKOTI HYDRO ELECTRIC PROJECT
APPROVED ON JUNE 30, 2011
TO
THDC

ENERGY & EXTRACTIVES

SOUTH ASIA

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I. BASIC DATA

Product Information

Project ID P096124	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 30-Jun-2011	Current Closing Date 31-Jan-2020

Organizations

Borrower THDC	Responsible Agency Tehri Hydro Development Corporation
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Project Development Objective (PDO)

Original PDO

The Project Development Objectives are: (a) to increase the supply of electricity to India's national grid through the addition of renewable, low-carbon energy; and (b) strengthen the institutional capacity of THDC with respect to the preparation and implementation of economically, environmentally and socially sustainable hydropower projects.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-80780	30-Jun-2011	10-Aug-2011	07-Nov-2011	31-Jan-2020	548.00	125.35	422.65
TF-58016	24-Apr-2007	24-Apr-2007	24-Apr-2007	31-Mar-2010	.99	.99	0

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The VPHEP has been designed as a 444 Megawatt, run-of-river hydropower scheme which, when completed, will generate an estimated 1,665 Gigawatt-hours (or million kilowatt-hours) of electricity in a typical year. This will represent a valuable addition of peaking power to India's Northern Grid, which faces severe power shortages during periods of high consumption. The Project will also help reduce India's greenhouse gas emissions by 1.6 million tons each year, compared to a thermal plant of the same capacity.

The project development objective (PDO) for the project is a) to increase the supply of electricity to India's national grid through the addition of renewable, low-carbon energy; and (b) strengthen the institutional capacity of THDC with respect to the preparation and implementation of economically, environmentally and socially sustainable hydropower projects.

The original Project Closing Date for this Project was December 31, 2017. However, implementation of the Project has been subject to significant delays:

To date, cumulative lost time on the Project stands at around 5 years, due to: -

- a. 2 years lost, when in 2011, shortly after Project approval, the Project was suspended while a review was conducted of all projects on the tributaries to the Ganga river by the Government of India. Due to the quality of project preparation the Project was eventually allowed to proceed in 2013.
- b. 1 year lost due to significant flooding in the Alaknanda River in 2013, which resulted in the need to re-design the downstream components of the Project and increased the work required in the downstream area.
- c. 2 years lost due to poor geology, rock-falls and heightened geological risk in the power station complex. These rockfalls occurred in late 2018, and early 2019 and the impacts have only recently been fully assessed. Construction methodologies to make the excavation safe and address further risks have been determined in conjunction with international experts from the Project Review Panel. Additional stabilization and strengthening works in the power station will have a significant impact on the estimated completion date, adding a further 18-24 months to the construction schedule.

As a result of these 5 years in lost time, which were beyond the control of the Borrower, the current scheduled completion date for the Project is 31 December 2022.

Despite delays in project implementation, implementation progress has improved over the past year, and is moderately satisfactory. THDC continues to proactively work to improve implementation progress, with the support of the Bank team. Several key construction milestones were achieved over the past year, including the completion of the upstream coffer dam and commencement of dam construction, and the completion of the critical tunnel boring machine (TBM).

Continued safeguard compliance remains an ongoing focus of the Bank team supervising the Project, for which the team has employed additional environmental and social safeguards consultants to increase the frequency of Bank safeguards monitoring. THDC remains in compliance with respect to environmental and social safeguards.

The PDO for the project continues to be relevant and achievable, and the project remains economically viable.



The Bank team has worked with THDC to identify significant risks to timely project completion, and to develop an action plan to mitigate these risks and achieve project completion.

In response to requests from the Government of India, and in order to incentivize improvements in project implementation, the Bank agreed to a series of interim extension of the Project Closing Date, each subject to achievement of certain implementation milestones. The Government of India's previous request for extension of the Project Closing Date, provided an interim extension to 31 January, 2020, in order to allow the Government to review the progress of the Project. The current Project Closing Date is therefore 31 January 2020.

On 27 January, 2020, after the conclusion of an internal review by the Government of India (Department of Economic Affairs), the Bank received a further request for extension of the Project Closing Date to June 30, 2021.

In continuation of the Bank's efforts to incentivize improvements in project implementation, The Bank team recommends an extension of the Project Closing Date to 31 December 2020. Further extension beyond this date would be subject to achievement of the following milestones:

- Completion of excavation of the power station complex;
- Achievement of progress against scheduled rates for the Tunnel Boring Machine operation;
- Commencement of construction of the Dam.

The Task Team confirms that the requirements of OP/BP10.00 regarding closing dates will be met, including, (i) the project development objective continues to be achievable; (ii) the performance of the Borrower, Tehri Hydro Electric Development Corporation Limited (THDC), remains satisfactory; (iii) the Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete the project; and (iv) there are no outstanding audits, or financial monitoring reports (FMR) for the Loan.

The Project was the subject of an investigation in 2012. The Inspection Panel Investigation Report for VPHEP raised two key issues, namely:

- a) The requirement to undertake baseline studies to document village water sources along the tunnel alignment routes, and to ensure that THDC commits to provide alternative water sources in the event that an existing source is lost, and
- b) The resolution of the outstanding question of the resettlement and livelihood restoration of Project affected people in Hatsari village.

THDC has now fully implemented actions regarding planning for alternate water sources as required under the World Bank Management's Action Plan in response to the Inspection Panel report. THDC has also almost finalized compensation payments and agreements on resettlement with the remaining families of Hatsari.

Relevant Project Data:

Effectiveness Date November 07, 2011

Current Closing Date January 31, 2020

Total Loan Amount US\$ 548 Million



Total Disbursements US\$125 million (or 23%)

PDO Rating Previous: MU, Current: MU

IP Rating Previous: MU, Current: MS

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-80780	Effective	31-Dec-2017	30-Jun-2019, 31-Dec-2019, 31-Jan-2020	31-Dec-2020	30-Apr-2021
TF-58016	Closed	17-Mar-2009	30-Sep-2009, 31-Mar-2010, 28-Oct-2010		