



# Armenia: Power Transmission Rehabilitation Project

Project Name	Power Transmission Rehabilitation Project				
Project Number	46416-001				
Country / Economy	Armenia				
Project Status	Closed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table><tr><td>TA 8198-ARM: Power Transmission Rehabilitation Project</td><td></td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 700,000.00</td></tr></table>	TA 8198-ARM: Power Transmission Rehabilitation Project		Technical Assistance Special Fund	US\$ 700,000.00
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Technical Assistance Special Fund	US\$ 700,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development				
Sector / Subsector	Energy / Electricity transmission and distribution - Energy efficiency and conservation - Energy sector development and institutional reform				
Gender	No gender elements				
Description	<p>The project aims at improving power system operational efficiency and power supply reliability in Armenia. The project comprises two main components: (i) expansion of supervisory control and data acquisition (SCADA) system; and (ii) rehabilitation of eight existing substations. Armenia has limited fossil fuel resources as well as renewable resources such as water. The total installed generation capacity by the end of 2011 is 3,900 megawatt (MW). Power generation in 2011 comprises of 34% nuclear, 34% hydropower and 32% thermal power (using imported natural gas). Since the late 1990s, the power sector of Armenia has achieved remarkable results through reforms and restructuring. The distribution network and a large share of generation assets were privatized. There is a competent regulatory agency for the sector - Public Services Regulatory Commission. The country's energy sector is governed by the Energy Law (2001) and the Law on Energy Saving and Renewable Energy of the Republic of Armenia (2004).</p> <p>The project impact will be improved power system reliability and efficiency in Armenia. The expected project outcome will be enhanced power transmission capacity. Transmission and dispatching network will be enhanced to provide reliable and adequate power supply for domestic and export markets. The project outputs consist of the following components:</p> <p>(i) Expansion of supervisory control and data acquisition (SCADA) system: SCADA system expansion with control and relay protection system to enable remote operation and automatic system control for efficient power dispatching operation;</p> <p>(ii) Rehabilitation of eight 220 kV substations: replacement and modernization of existing aging transformers, breakers, and other equipments; and</p> <p>(iii) Project Supervision and Management: project implementation support comprising project management and supervision, safeguards compliance, and capacity building for HVEN.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>Armenia is a small country facing an unfavorable environment with closed eastern and western borders and ensuring energy security is the government priority. The project will contribute to strengthening energy security through improved power system reliability and efficiency. The government recognized that upgrading and rehabilitation of transmission networks is one of the sector development priorities and requested ADB to provide financial support. Currently, ADB has no sovereign lending operation in Armenia energy sector, and this project provides a unique opportunity for ADB to enter the sector. The government funding is not sufficient on the investment needed for rehabilitating the aging power infrastructure. ADB's involvement will not only contribute to filling the funding gap but also enhance the confidence of the private sector in investing the power and other infrastructure sectors. The upgraded transmission network will increase the reliability of the power supply nationwide, benefiting the poor and neglected regions. In addition, the project will also contribute to enhancing the power export and regional integration.</p> <p>ADB's Strategy 2020 commits ADB to support developing member countries in moving their economies into low-carbon growth paths by improving energy efficiency, expanding the use of clean energy sources, and reducing fugitive greenhouse gas (GHG) emission. ADB's Energy Policy 2009 prioritized promoting energy efficiency and renewable energy as one of the three pillars of ADB assistance in the energy sector. The Project is consistent with ADB's Strategy 2020 and Energy Policy (2009) by promoting inclusive growth, energy security, and supporting energy efficiency.</p> <p>The government, in consultation with ADB, has identified the energy sector as a key pillar of ADB's upcoming Country Partnership Strategy (CPS) for Armenia. A project preparatory technical assistance (PPTA) for this project is included in the ADB's Country Operation Business Plan (COBP) Update 2012-2013.</p>				
Impact					
<b>Project Outcome</b>					
Description of Outcome					
Progress Toward Outcome					
<b>Implementation Progress</b>					
Description of Project Outputs					
Status of Implementation Progress (Outputs, Activities, and Issues)					
Geographical Location					
<b>Summary of Environmental and Social Aspects</b>					
Environmental Aspects					
Involuntary Resettlement					
Indigenous Peoples					
<b>Stakeholder Communication, Participation, and Consultation</b>					
During Project Design	Stakeholders' consultations through community meetings, discussions, and interviews will be conducted during the PPTA. Consultations with civil society organizations (CSOs) were held during the environmental and social due diligence for the ensuing ADB project.				

During Project Implementation Meetings and discussions were held between ESPO, HVEN and PPTA Consultant. The sequence of substation rehabilitation was deeply analyzed and schedules for substation rehabilitation were agreed upon.

#### Business Opportunities

**Consulting Services** A PPTA consultant (firm) was engaged on 11 March 2013. The PPTA consultant, among other tasks, will undertake necessary due diligence for processing the loan for the project, and assist the pre-implementation works. The PPTA consultant will also adequately address the following aspects relating to the ensuing loan project: (i) detailed loan executing agency capacity assessment, and suggested remedial action plan to build executing agency and implementing agency capacity to minimize procurement and financial management risks; (ii) proposed or indicative loan related procurement plan with suggested level of priority or, if applicable, post review based on executing agency and implementing agency capacity assessment; and (iii) indicative implementation schedule with proposed sequencing of consultant recruitment and procurement bidding and awarding. An Inception Report was submitted in April 2013 while an Interim report was submitted in July 2013. Draft Final Report was submitted in October 2013. With the completion of due diligence reports for the ADB ensuing loan (Loan 3150-ARM), a Final Report was submitted in May 2015.

Responsible ADB Officer	Luo, Tianhua
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Executing Agencies	Ministry of Energy and Natural Resources of the Republic of Armenia Mr. Areg Galstyan, Deputy Minister minenergy@minenergy.am Government Building 2, Republic Square 375010 Yerevan, Republic of Armenia

#### Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	22 Oct 2012
Last Review Mission	-
Last PDS Update	23 Sep 2015

## TA 8198-ARM

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2012	25 Feb 2013	25 Feb 2013	31 Dec 2013	30 Jun 2015	30 Sep 2015

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
700,000.00	0.00	0.00	0.00	0.00	0.00	700,000.00	17 Jun 2022	671,212.00

Project Page	<a href="https://www.adb.org/projects/46416-001/main">https://www.adb.org/projects/46416-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=46416-001">http://www.adb.org/forms/request-information-form?subject=46416-001</a>
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