Mongolia: Strengthening Electricity and Heat Supply Network in Ulaanbaatar

Project Name: Strengthening Electricity and Heat Supply Network in Ulaanbaatar

Project Number: 46343-001

Country: Mongolia

Project Status: Proposed

Project Type / Modality of Assistance

<table>
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<tr>
<th>Source of Funding / Amount</th>
<th>Description</th>
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<td>Grant</td>
<td>Strengthening Electricity and Heat Supply Network in Ulaanbaatar</td>
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<td>Loan</td>
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<td>Ordinary capital resources</td>
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Strategic Agendas
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change
- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector
- Energy - Electricity transmission and distribution

Gender Equity and Mainstreaming
- No gender elements

Description
The project will develop and upgrade associated downstream facilities for electricity and heat evacuation for the combined heat and power plant number 5 (CHP 5), which is being developed through a public-private partnership modality. Together with the proposed CHP 5, it ensures reliable electricity and heat delivery not only to existing customers but also to as-yet unserved communities and entities in Ulaanbaatar, the capital city of Mongolia.

The proposed project comprises of (i) 220 kilovolt electricity transmission system development, (ii) electricity distribution system rehabilitation and upgrading which include an installation of advanced transformer technology for effective energy loss reduction, and (iii) heat transmission system development. The project will construct the essential electricity and heat transmission infrastructure to connect CHP to existing electricity grid and heating network to ensure full electricity and heat evacuation for CHP 5 in an efficient and reliable manner. Upon successful completion together with CHP 5 in 2020, it annually delivers up to 4,424 kilo gigajoule (kJGcal) of heat to the densely populated central business district and the eastern districts having no access to central heating system, and up to 3,301 gigawatt hour (GWh) of electricity to central energy system including Ulaanbaatar.

Impact
- Electricity and heat supply services in Ulaanbaatar expanded and improved

Outcome
- Electricity and heat supply from CHP 5 fully evacuated

Outputs
- 220 kilovolt electricity transmission system developed
- Electricity distribution system in Ulaanbaatar strengthened
- Heat transmission system in Ulaanbaatar developed

Geographical Location
- Mongolia: Strengthening Electricity and Heat Supply Network in Ulaanbaatar
All procurement of goods and works will be undertaken in accordance with ADB’s Procurement Guidelines (2015, as amended from time to time). Except as ADB and the Ministry of Energy will disclose all relevant project information. At the minimum, this includes all information regarding the bidding process, bidders, contract awards, use of funds disbursed under the project, environment and social safeguard monitoring, and physical progress. During project implementation, contractors and loan implementation environment consultants will consult with relevant authorities, residents in affected communities, and other stakeholders, if necessary, to accommodate any environmental concern and to check effectiveness of mitigation measures through regular dialogues, impact surveys, and/or grievance redress mechanism.

Involuntary Resettlement

The project is classified category C for involuntary resettlement and indigenous peoples. The project does not entail permanent or temporary land acquisition, land use restriction, demolition of any structure, or relocation of people. Electricity transmission line is routed along existing road right-of-ways and installed underground; and all replacement and rehabilitation in electricity distribution are done in existing premises and routing.

Indigenous Peoples

The project will be implemented in a large urban area with no ethnic minority communities; various ethnic groups are mixed and together and there is no significant difference on lifestyle, socioeconomic status, or vulnerability between individuals of ethnic majority and minorities. Thus, it is not expected to have any impact on ethnic minorities.

Consulting Services

All consultants will be recruited according to ADB’s Guidelines on the Use of Consultants. The terms of reference for consulting services are detailed in Section 6 of the Project Administration Manual. An estimated 240 person-months (131 international, 109 national) of consulting services are required to support the Project Management Unit, National Power Transmission Grid, Ulaanbaatar Electricity Distribution Network, and Ulaanbaatar Heating Distribution Network during project implementation and to assist them in (i) detailed engineering design, (ii) procurement which includes assistance in tender document preparation, bid evaluation, and contract negotiation, (iii) social and environment impact monitoring, and (iv) amorphous transformer-related activities including project design and development preparation and validation, and monitoring and certification. Consulting firms will be engaged using the quality- and cost-based selection method with a standard quality cost ratio of 90:10.

Procurement

All procurement of goods and works will be undertaken in accordance with ADB’s Procurement Guidelines (2015, as amended from time to time). Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works. ADB-financed civil works contracts, costing $5 million or more, and goods contracts costing $2 million or more, will be procured through international competitive bidding procedures using ADB’s standard bidding documents. Goods contract packages costing more than $100,000 and less than $2 million will be procured using national competitive bidding, as well civil works contracts costing more than $100,000 and less than $2 million will be procured using local competitive bidding procedures using ADB’s standard bidding documents. Consulting firms will be engaged using the quality- and cost-based selection method with a standard quality cost ratio of 90:10.

Responsibility

ADB and the Ministry of Energy will disclose all relevant project information. At the minimum, this includes all information regarding the bidding process, bidders, contract awards, use of funds disbursed under the project, environment and social safeguard monitoring, and physical progress.

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