

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
Delay, failure to complete interconnection facilities in India	Medium	Bulk power transmission agreement was signed between PGCIL and BPDB for implementation and operation of interconnection facilities in India	Low
Delay, failure to enter into binding power purchase agreements or non extension of the cooperation agreement after January 2015	Medium	The Government of Bangladesh is aware of this risk and expressed comfort with the documented political commitments made on the key parameters of the power sector cooperation by the two governments. Entering into an MOU, followed by legally enforceable long-term contracts between BPDB and the Indian power utilities will further mitigate this risk.	Low
Limited HVDC technology and implementation capacity	Medium	PGCIL, the consultant for the project, has considerable experience in setting up HVDC substations.	Low
Increase in prices of raw material	Medium	Adequate contingencies have been provided in the cost estimates and suitable price variation provisions have been included in the bidding documents. Early procurement action has been initiated.	Low
Government of Bangladesh and BPDB have limited capacity in negotiating cross-border power trading contracts	Medium	ADB will recruit experienced individual consultants under the small scale capacity development TA to support the government and BPDB to negotiate contracts.	Low
Cost of Indian power not competitive when compared with domestic power tariff	High	The government has initiated a review of its gas pricing policy which is likely to impact existing bulk and retail electricity tariffs. Further, most new power plants will be based on dual fuel technology and imported fuel would be comparatively more expensive than power to be procured from India under this agreement.	Medium
Inadequate power available in eastern region of India	Medium	The eastern region of India is expected to add significant generation capacity over the next 5 years to meet the growth in demand. It is expected that up to 500 MW will be available for supply to Bangladesh.	Low
Overall	Medium		Low

ADB= Asian Development Bank; BPDB= Bangladesh Power Development Board; HVDC= high voltage direct current; PGCB=Power Grid Company of Bangladesh; PGCIL= Power Grid Corporation of India
Source: ADB staff estimates