

**NEPAL ELECTRICITY AUTHORITY**

(An Undertaking of Government of Nepal)

**TRANSMISSION DIRECTORATE****EOI for Selection of Bidder as Transmission Service Provider (TSP) Under TBCB Framework (EOI No.: 082/83/NEA/TBCB-01)**

Following clarifications are issued for the purpose of understanding and shall be read in conjunction with the EOI document and Amendments(s). In case of any inconsistency, Amendment provisions shall prevail.

**Clarification No. 1****Issued on:2026 April 10**

S.N.	Page & Clause	Bidders Query	NEA Reply
1	Page 2 Clause 2	We downloaded the Eoi document on the websites <a href="https://www.nea.org.np">https://www.nea.org.np</a> , but didn't find "additional information". Would you please send us the "additional information"?	No separate additional information document has been issued under the EOI. All relevant information is contained within the EOI document and its annexures.  Any further details or clarifications, if required, shall be issued through formal clarifications or corrigenda and shared with all prospective bidders.
	Interested and eligible Bidder(s) may obtain Eoi documents and additional information free of charge from the Transmission Directorate, Nepal Electricity Authority during office hours on or before April 27, 2026, 12:00 noon. Alternatively, the Eoi document can be accessed on the websites <a href="https://www.nea.org.np/">https://www.nea.org.np/</a> .		
2	Page 3 Clause 4.1	If our project experiences meet aggregate capital expenditure and aggregate payments from its client(s) of infrastructure facilities and one 132 kV or above voltage transmission line, we will be qualified Bidding Company?	<b>Please refer to Amendment No. 1 of the EOI document.</b>
	4. Technical Qualification Parameters		
	4.1. To qualify for the RFP stage, the Bidder must satisfy following technical qualifications.		
	<b>1. Bidding Company</b> or in the case of a Consortium <b>the Lead Member</b> shall have the experience in development of projects in the Infrastructure Sector within the last ten (10) years with aggregate capital expenditure in Million NRs of <b>not less than.....</b>		
<b>OR</b>			
	<b>Bidding Company</b> or in the case of a Consortium <b>the Lead member</b> shall have the experience in construction of projects in the Infrastructure Sector within the last ten (10) years and should have received aggregate payments from its client(s) for construction works fully completed in Million NRs of <b>not less than.....</b>		
	<b>2. Bidding Company</b> or <b>Any Member of Bidding Consortium</b> shall have successfully developed/ constructed and commissioned, within the last ten (10) years at least one 132 kV or above voltage transmission line.		
3	Page 4 Clause 1.2	As project descriptions and data provided are for illustrative purposes only, the bidders need to spend a certain amount of time to conduct technical and commercial investments. The time for preparing the tender documents after EOI stage?	The Expression of Interest (EOI) is intended solely to identify and shortlist interested bidders. Detailed project information, including technical and commercial requirements, will be provided at the Request for Proposal (RFP) stage.
	The Salient Features of the individual projects are attached in Annexure 6. However, the project descriptions and data provided herein are for illustrative purposes only, based on preliminary studies conducted by NEA. The Bidder acknowledges that it shall not rely solely on this information and assumes full responsibility for the independent verification of all technical and site-specific data. NEA shall not be held liable for any inaccuracies, omissions, or discrepancies contained within these reference materials.		

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4	Page 4-5 Clause 1.3	Private land acquisition and payment of compensation will affect the construction schedule and amount of investment and it is hardly to be controlled by Investor. If it is possible to be the scope of Government of Nepal?	Land acquisition and Right of Way (RoW) are integral components of project implementation and shall remain the responsibility of the Transmission Service Provider (TSP) under the TBCB framework.  However, NEA shall provide necessary facilitation and coordination support with relevant Government of Nepal authorities to assist in expediting the process.  The TSA shall include provisions for extension of time in case of delays beyond the control of the TSP, subject to defined terms and conditions.
	1.3 The selected Transmission Service Provider (TSP) will be responsible for providing transmission services by completing all activities including but not limited to activities related to ...obtaining transmission license, obtaining right of way (ROW), forest clearance, environment clearance, statutory and other necessary clearances, site identification, land acquisition and payment of compensation... The TSP shall also be responsible for obtaining all necessary statutory approvals and clearances, comply with applicable Grid Code and regulatory requirements and transfer the asset to the Bidding Agency at the end of the concession period. The BA shall facilitate for the same as prescribed in the Transmission Service Agreement (TSA).		
5	Page 13 Clause 12.10	Provide Transmission Service Agreement (TSA) for us to prepare Project Implementation Business Plan?	Will be provided during RFP stage
	(M) Project Implementation Business Plan		
6	Page 32 Clause 3	IEE, Detailed Project Report, Transmission License, Land Acquisition, Forest Clearance data collection have not started yet.	The construction period will be set considering all these factors
	Salient Features of the Project of Dadakhet-Burtibang 132 kV Transmission Line Project (TL-03)	As it will take long times to finish above mentioned work , TL-03 and TL-04 will be excluded?	
	Page 33 Clause 4		
	Salient Features of the Project of Ridi-Tamghas 132 kV Transmission Line (TL-04)		

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7	Availability of Detailed Terms and Bankability Considerations	<p>We understand that:</p> <ul style="list-style-type: none"> <li>The EOI stage is limited to pre-qualification; and</li> <li>The draft Transmission Service Agreement (TSA), tariff structure, and detailed commercial terms will be issued only at the RFP stage.</li> </ul> <p>In this regard:</p> <ul style="list-style-type: none"> <li>Critical elements such as risk allocation, payment security, tariff indexation, lender protections, and termination compensation are not available at this stage.</li> <li>Formation of a consortium, particularly involving international investors and lenders, requires visibility on these parameters to assess project bankability.</li> </ul> <p>We therefore request NEA to clarify:</p> <ol style="list-style-type: none"> <li>Whether NEA intends to provide, prior to or along with shortlisting, any indicative term sheet, key commercial principles, or risk allocation framework; and</li> <li>Whether any preliminary version of the TSA or summary thereof can be shared to enable informed participation.</li> </ol> <p>In the absence of such information, it is difficult to make informed investment decisions or finalize consortium arrangements.</p>	<p>The EOI stage is intended for prequalification of bidders based on technical and financial capability. The detailed commercial terms, including risk allocation, payment security, tariff structure, and draft Transmission Service Agreement (TSA), are under preparation and shall be issued to the shortlisted bidders at the RFP stage.</p> <p>At this stage, no separate indicative term sheet or draft TSA is proposed to be issued. However, the TSA and RFP documents shall be structured to ensure clarity of risk allocation and overall project bankability in line with the applicable framework.</p>
8	Restriction on Change in Consortium Composition	<p>We note that:</p> <ul style="list-style-type: none"> <li>No change in consortium composition is permitted after shortlisting without prior approval; and</li> <li>Equity lock-in and control restrictions apply from the EOI stage.</li> </ul> <p>In practice:</p> <ul style="list-style-type: none"> <li>Consortium partners, particularly foreign investors and lenders, typically finalize participation only after reviewing detailed contractual terms and risk allocation at the RFP stage.</li> <li>There is a material risk that one or more consortium members may withdraw or seek restructuring upon review of the TSA and associated risks.</li> </ul> <p>We therefore seek clarification on:</p> <ol style="list-style-type: none"> <li>Whether addition, withdrawal, or replacement of consortium members will be permitted prior to RFP submission;</li> <li>Whether changes in equity participation among consortium members will be allowed; and</li> <li>The process, criteria, and timelines for obtaining NEA approval for such changes.</li> </ol> <p>We respectfully submit that reasonable flexibility in consortium structuring up to bid submission—subject to continued compliance with qualification requirements—would significantly enhance participation and competition.</p>	<p>“With reference to your queries, the following is clarified:</p> <ol style="list-style-type: none"> <li><b>Addition / withdrawal / replacement of consortium members:</b> Changes in consortium composition may be permitted prior to submission of the RFP. However, the Lead Member shall remain unchanged and must continue to meet the minimum shareholding requirement as specified at the EOI stage. Other consortium members may be replaced or new members may be added, provided that the revised consortium continues to meet the qualification requirements outlined in the EOI.</li> <li><b>Change in equity participation:</b> Revisions in equity participation among consortium members may be allowed, subject to compliance with the minimum shareholding requirements of the Lead Member and overall qualification criteria defined in the EOI.</li> <li><b>Process for approval:</b> Any proposed change in consortium composition or equity structure before RFP submission shall be submitted to NEA for prior approval, along with necessary supporting documents demonstrating continued compliance with the EOI qualification requirements please refer the S.N. 4 of addendum No 1</li> </ol>

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9	Eligibility Link Between EOI and RFP	<p>a) Is participation in this EOI mandatory for participation in the RFP stage?</p> <p>b) Will entities not participating in the EOI be eligible to participate at the RFP stage?</p> <p>c) Will shortlisted bidders be required to maintain the same qualification basis (technical/financial) at RFP stage?</p>	<p>a) Participation in EOI: Yes, participation in the EOI stage is mandatory for participation in the RFP stage.</p> <p>b) Eligibility of non-EOI participants: Entities that do not participate in the EOI stage shall not be eligible to participate in the RFP stage.</p> <p>c) Qualification at RFP stage: Shortlisted bidders shall be required to maintain the same qualification basis (technical and financial) as submitted during the EOI stage. Any changes, if permitted, must continue to meet the qualification requirements specified in the EOI</p>
10	Scope of Responsibilities and Risk Allocation	<p>The EOI indicates that the TSP shall be responsible for a broad range of activities, including land acquisition, right of way (RoW), forest clearance, statutory approvals, and other pre-construction activities.</p> <p>We request clarification on: The precise allocation of responsibilities between NEA and the TSP, particularly in relation to:</p> <p>a) Land acquisition and compensation;</p> <p>b) RoW acquisition and associated stakeholder risks;</p> <p>c) Forest clearance and environmental approvals;</p> <p>d) Local coordination and resettlement issues.</p> <p>e) The nature and extent of “facilitation” to be provided by NEA;</p> <p>f) Whether delays and cost overruns arising from such approvals will be compensated or eligible for time extension.</p>	<p>The TSP shall be responsible for obtaining land acquisition, Right of Way (ROW) compensation, forest clearance, and all other environmental, statutory, and necessary approvals. This includes site identification, land acquisition, and payment of compensation in accordance with prevailing Government of Nepal (GoN) rules and regulations. NEA shall facilitate these processes as prescribed in the Transmission Service Agreement (TSA).</p> <p>All provisions related to delay, force majeure, and change in law shall be defined in detail in the Transmission Service Agreement (TSA) and the Request for Proposal (RFP) documents in line with TBCB framework. Any delays arising from force majeure circumstances may be eligible for an extension of the Commercial Operation Date (COD). The detailed provisions regarding such extensions shall be specified in the TSA.</p>
11	Status, Accuracy and Reliance on Project Data	<p>The EOI indicates that project data is preliminary and for illustrative purposes.</p> <p>We request clarification on:</p> <p>a) The status of DPR, surveys, environmental studies, and licenses for each project;</p> <p>b) Whether updated and verified data will be provided at RFP stage;</p> <p>c) Whether the TSA will provide any form of reliance or risk-sharing mechanism in case of inaccuracies in NEA-provided data.</p>	<p>a) The current status of DPR, surveys, environmental studies, and statutory licenses are provided in the EOI document</p> <p>b) Updated and verified project data, as available, will be provided at the RFP stage.</p> <p>c) The data provided by NEA is for reference purposes only. NEA shall not be responsible for any inaccuracies, and bidders are required to undertake their own due diligence. The detailed provisions in this regard will be specified in the RFP/TSA documents</p>
12	Payment Security Mechanism	<p>Given that project revenues will depend on transmission service charges:</p> <p>We request clarification on:</p> <p>a) The proposed payment security structure (e.g., escrow account, letter of credit, sovereign or quasi-sovereign support);</p> <p>b) Mechanisms to ensure timely and enforceable payments under the TSA.</p>	<p>Nepal Electricity Authority (NEA) shall provide payment security mechanisms in appropriate forms. The detailed provisions, structure, and modalities of such payment guarantee will be outlined in the RFP stage</p>
13	Tariff Structure, Indexation and Cost Recovery	<p>a) Whether the Transmission Service Charge (TSC) will be fixed or subject to indexation;</p> <p>b) If indexed, the applicable indices and components (e.g., O&amp;M, inflation, interest rates);</p> <p>c) Details of cost recovery obligations, including recovery of NEA’s prior project development costs, and whether such costs will be capped and transparently disclosed.</p>	<p>a) Transmission Service Charge (TSC): The Transmission Service Charge (TSC) shall be fixed.</p> <p>b) Indexation: No provision for indexation shall be applicable.</p> <p>c) Cost recovery obligations: The costs incurred by NEA towards project development up to the date of RFP issuance will be disclosed in the RFP documents</p>

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14	Foreign Exchange and Repatriation Risk	<p>We request clarification: In view of potential foreign participation:</p> <p>a) Currency of tariff payments;  b) Mechanisms for foreign exchange convertibility and repatriation;  c) Allocation of foreign exchange risk.</p>	<p>a) Currency of tariff payments:  The tariff payments shall be made in Nepalese Rupees (NPR).</p> <p>b) Foreign exchange convertibility and repatriation:  Transfer of funds from a foreign-invested company in Nepal to overseas jurisdictions shall be governed by the applicable laws and regulations, including the Foreign Investment and Technology Transfer Act (FITTA), 2019 and the Nepal Rastra Bank (NRB) Foreign Investment and Foreign Loan Management Bylaw, 2021. Repatriation of dividends, interest, principal, and salaries is permitted through approved banking channels, subject to prior approval of Nepal Rastra Bank (NRB).</p> <p>c) Foreign exchange risk allocation:  The foreign exchange risk shall be borne by the Transmission Service Provider (TSP)</p>
15	Financing Framework and Lender Protections	<p>We request clarification on whether the TSA will include:</p> <p>a) Lender step-in rights;  b) Substitution rights;  c) Direct agreements with lenders;  d) Other provisions necessary to support non-recourse or limited recourse project financing.</p>	<p>The Financing Framework and Lender Protection mechanisms shall be governed and defined in detail in the Transmission Service Agreement (TSA) and the Request for Proposal (RFP) documents.</p>
16	Delay, Force Majeure and Change in Law	<p>We request clarification:</p> <p>a) Treatment of delays not attributable to the TSP, including those arising from governmental approvals or NEA-related dependencies;  b) Detailed force majeure provisions and corresponding relief (time and/or cost);  c) Change in law protection and whether full pass-through will be available.</p>	<p>All provisions related to delay, force majeure, and change in law shall be defined in detail in the Transmission Service Agreement (TSA) and the Request for Proposal (RFP) documents in line with TBCB framework.</p>
17	Interface and Grid Availability Risk	<p>a) Responsibility in case of delay in readiness of substations or grid connectivity;  b) Whether such delays will entitle the TSP to relief.</p>	<p>a) The responsibility in case of delay in readiness of substations or grid connectivity shall lie with NEA.</p> <p>b) Yes, in the event of such delays, the Transmission Service Provider (TSP) shall be entitled to appropriate relief, as will be specified in the RFP/TSA documents</p>
18	Legal Framework and Dispute Resolution	<p>a) Governing law of the TSA;  b) Dispute resolution mechanism, including whether international arbitration will be permitted.</p>	<p>a) The Transmission Service Agreement (TSA) shall be governed by the laws of Nepal.  b) Detailed provisions of Dispute Resolution shall be specified in the Transmission Service Agreement (TSA).</p>
19	Termination and Compensation	<p>a) Termination rights of both parties;  b) Compensation framework, particularly with respect to outstanding debt and invested equity.</p>	<p>The Termination rights and Compensation mechanisms shall be defined in detail in the Transmission Service Agreement (TSA) and the Request for Proposal (RFP) document.</p>
20	Consortium Structure and Qualification Flexibility	<p>a) Clarification on aggregation of financial and technical capacity among consortium members;  b) Flexibility in structuring consortiums involving EPC contractors, developers, and financial investors;  c) Possibility of permitting more than three consortium members for large-scale projects.</p>	<p>Please refer to Amendment No. 1 of the EOI document.</p>
21	Process Timeline and Data Access	<p>a) Indicative timeline for issuance of RFP and bid submission;  b) Whether a data room and site access will be provided prior to RFP submission.</p>	<p>a) The RFP shall be issued after completion of the EOI stage. Detailed timelines for bid submission will be provided along with the RFP documents.</p> <p>b) Site access will be permitted</p>
22	Recommendation for Enhancing Participation and Bankability:	<p>In line with international best practices for PPP and TBCB projects, we respectfully recommend that NEA consider issuing, prior to or along with the RFP:</p> <p>a) A draft Transmission Service Agreement (TSA), or  b) A detailed Project Information Memorandum (PIM) outlining key commercial and risk allocation principles.</p> <p>Such measures would significantly enhance investor confidence, facilitate consortium formation, and ensure robust and competitive participation.</p>	<p>A brief project summary has already been provided in the EOI document; detailed provisions, including the Transmission Service Agreement (TSA) and key commercial and risk allocation principles, will be provided in the RFP and TSA documents.</p>

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23	Clause No. 3.6 Pg. No. 3 All consortium members shall be jointly and severally liable at EOI and RFP stages. No change in consortium composition shall be permitted after shortlisting without prior written approval of the BA.	Provided the Lead Member remain fixed during EOI and RFP stage, will NEA accept a preliminary consortium among members during EOI stage and allow subsequent / approved changes for non-lead members during the RFP stage?	Please refer to Amendment No. 1 of the EOI document
24		Sovereign support and credit enhancement:  a) Is there any form of sovereign guarantee or direct government support available for the project?  b) If sovereign support is not available, will alternative credit enhancement mechanisms (such as a payment security fund or a guarantee structure) be provided?  c) Has the involvement of multilateral institutions (e.g. ADB, World Bank, etc.) been considered to support the project bankability?	Nepal Electricity Authority (NEA) shall provide payment security mechanisms in appropriate forms; however, sovereign guarantee or direct government support is not envisaged at this stage. The detailed provisions, structure, modalities of such payment security arrangements, and any potential involvement of financial institutions shall be outlined in the RFP documents.

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25	<p>Clause No. 1.3</p> <p>Pg No. 1</p> <p>The Project shall be developed on a Build, Own, Operate, and Transfer (BOOT) basis. The selected Transmission Service Provider (TSP) will be responsible for providing transmission services by completing all activities including but not limited to activities related to survey, detailed project report formulation, arranging finance, project management, obtaining transmission license, obtaining right of way (ROW), forest clearance, environment clearance, statutory and other necessary clearances, site identification, land acquisition and payment of</p> <p>compensation, design, engineering, quality control, procurement of equipment, material, construction, erection, testing and commissioning, maintenance and operation of transmission lines and associated facilities. The Transmission Service Provider shall also be responsible for obtaining all necessary statutory approvals and clearances, comply with applicable Grid Code and regulatory requirements and transfer the asset to the Bidding Agency at the end of the concession period. The BA shall facilitate for the same as prescribed in the Transmission Service Agreement (TSA).</p>	<p>Right of Way (RoW), Forest Clearance, and Land Acquisition:</p> <p>a) What specific institutional support will the NEA/government provide to the Transmission Service Provider (TSP) for RoW acquisition?</p> <p>b) Are land compensation rates standardized by the government, or are they market-based?</p> <p>c) Could you provide any historical benchmarks regarding the RoW acquisition timelines for similar projects in the region?</p>	<p>a) The TSP shall be responsible for obtaining land acquisition, Right of Way (ROW) compensation, forest clearance, and all other environmental, statutory, and necessary approvals. This includes site identification, land acquisition, and payment of compensation in accordance with prevailing Government of Nepal (GoN) rules and regulations. NEA shall facilitate these processes as prescribed in the Transmission Service Agreement (TSA).</p> <p>b) Land compensation rates may be determined in accordance with prevailing Government of Nepal (GoN) rules and regulations and are generally market-based.</p> <p>c) RoW acquisition timelines vary on a case-by-case basis; therefore, no standard benchmark is available. Bidders are advised to assess independently.</p>
26	Permits and Clearances	<p>a) Please provide a definitive list of approvals that have already been secured by the NEA versus those that must be obtained by the TSP.</p> <p>b) Will a single window clearance mechanism be established to facilitate this project?</p> <p>c) Will delays caused by government authorities in granting necessary permits be treated as Force Majeure or Relief Events?</p>	<p>a) The Expression of Interest (EOI) provides a preliminary overview of the works and milestones already completed by the Nepal Electricity Authority (NEA). However, these are indicative for the current stage of the procurement process. A definitive and exhaustive list detailing the specific approvals secured by the NEA versus the statutory obligations of the Transmission Service Provider (TSP) will be provided in the comprehensive Request for Proposal (RFP) document.</p> <p>b) The project aims to utilize existing government facilitation frameworks to streamline the approval process.</p>
27	<p>Clause No. 3 and 4</p> <p>Pg No. 3 and 4</p>	<p>a) If a subsidiary of the bidding company (holds at least 26% equity) has successfully developed / constructed and commissioned, within the last ten (10) years at least one (1) 132kV or above voltage transmission line, the bidding company will be considered as meeting the requirements of technical qualifications?</p> <p>b) What would be the Currency of payment for the Transmission Service Charge to the TSP?</p>	<p>a) Please refer to Amendment No. 1 of the EOI document</p> <p>b) The tariff payments shall be made in Nepalese Rupees (NPR).</p>
28	<p>Clause No. 12.10 (E)</p> <p>Pg. No. 10</p> <p>Power of Attorney: Evidence of authorized signatory's authority including a board resolution of the bidder.</p>	<p>Please clarify if Power of attorney signed by legal representative of bidding company meets the requirement? What specific documents are required here?</p>	<p>A Power of Attorney signed by the authorized legal representative of the bidding company shall be acceptable, provided it is duly supported by valid evidence of authorization.</p>

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29	Clause No. 4, 4.1, (2) Pg. No. 4 <b>Bidding Company or Any Member of Bidding Consortium</b> shall have successfully developed/ constructed and commissioned, within the last ten (10) years at least one 132 kV or above voltage transmission line.	a) Please clarify if at least one member only of the JV should meet the qualifications of 132kV experience?	Please refer to Amendment No. 1 of the EOI document
30	Consortium Structure & Bidding Flexibility	We fully understand and are aligned with the requirement that the Lead Member remains fixed and committed throughout the process. However, given the complexity of these transmission projects—particularly from a financing and specialized execution perspective—international bidders often require additional time to finalize optimal partner structures. In this context, could the Nepal Electricity Authority (NEA) please clarify:  Preliminary Agreements at EOI: Whether, at the EOI stage, bidders may submit a preliminary consortium arrangement (such as an MoU or term sheet) demonstrating intent, roles, and indicative equity participation, with a fully binding consortium agreement to be finalized at the RFP stage?  Flexibility for Non-Lead Members: Whether limited flexibility for non-lead consortium members would be permitted after pre-qualification, provided that the Lead Member remains unchanged, the consortium continues to meet all	Please refer to Amendment No. 1 of the EOI document
31	Business Model & Revenue Structure	Could you please clarify the commercial model of the project? Specifically, is it purely availability-based (take-or-pay), or a capacity plus energy-linked payment structure?  Will the Transmission Service Charge (TSC) be fully fixed based on availability, or will it be subject to utilization/energy flow?  Is there any performance-linked deduction mechanism applied to the payments?	The project operates on a purely availability-based commercial model following a take-or-pay structure. The Transmission Service Charge (TSC) is fixed and strictly linked with transmission availability rather than actual energy flow. Payment deductions are normative and linked with the TSC, triggered if the system fails to meet the required availability standards.
32	Bankability & Payment Security	Please confirm the ultimate payer for the TSC and detail the payment security mechanisms available (e.g., Letter of Credit, Escrow Account, or Sovereign Support).  Under the Transmission Service Agreement (TSA), will availability-based payments be provided in the event that the line is ready but not fully utilized?  Is there a “Deemed COD” (Commercial Operation Date) or deemed availability protection for the TSP if system integration is delayed by third parties?  Will the termination compensation strictly cover the outstanding debt due?	Nepal Electricity Authority (NEA) shall be the ultimate payer for the Transmission Service Charges (TSC), and appropriate payment security mechanisms shall be provided; the detailed structure and modalities (including instruments such as Letter of Credit, escrow arrangements, or other mechanisms) will be specified in the RFP and TSA documents. Availability-based payment principles, including provisions for payment in case the transmission line is ready but not fully utilized, along with deemed COD/deemed availability protections (if applicable), shall be defined in the TSA. Further, termination compensation provisions, including the extent of coverage of outstanding debt, will be detailed in the TSA in line with TBCB Framework.
33	Tariff Framework & Bid Evaluation	Will the TSC include indexation mechanisms to account for inflation and foreign exchange (FX) fluctuations?  Could you please clarify the discount rate methodology that will be utilized for bid evaluation?  Please detail the timing and mechanism for the TSP to recover any pre-development costs incurred by the NEA.	Indexation: No. The TSC does not include mechanisms for inflation or FX fluctuations.  Discount Rate: The methodology and specific rate for bid evaluation are provided in the RFP.  Pre-development Costs: The timing and recovery mechanism for NEA's costs are outlined in the RFP.

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34	Participation Approach at EOI Stage	<p>Is it acceptable for our company to participate independently in the project at the EOI stage, rather than as part of a consortium?</p> <p>Given the limited time at this stage, identifying suitable partners, aligning on the cooperation framework and scope, and completing the necessary contractual agreements would require a significant amount of time.</p> <p>Therefore, we propose to submit the EOI under our company's name at this stage, and provide the consortium partner information at a later stage.</p>	Please refer to Amendment No. 1 of the EOI document.
35	<p>EOI Clause: 1. Background &amp; Project Context 1.5 Term of Agreement Upon achievement of the Commercial Operation Date (COD), the TSP shall operate and maintain the Project in accordance with the TSA, the Grid Code, and Applicable Laws for a period of twenty (20) years from COD (the "Operation Period"), subject to the provisions below.</p>	<p>Request modification for clause: a) Request for the time period to be increased by 5 years to make total of 25 years excluding the construction period. b) Please clarify whether 20 years is including or excluding the construction period.</p>	<p>a) The provision of the EOI document remains unchanged. b) The specified time period is 20 years, excluding the construction period.</p>
36	<b>Flexibility on Consortium Structure</b>	<p>EOI restricts changes post-shortlisting. Given that foreign investors may require considerable time to secure suitable equity partners during the pre-qualification stage, a flexible consortium structure is recommended. The practical issues are that the financing partners finalize only at the RFP stage and the international players join at the later stage only. Hence, it is recommended to allow the change/addition of consortium members at RFP stage, replacement of non-performing member, and induction of financial investors and EPC partners; with conditions to maintain minimum qualification thresholds and with prior approval of NEA. This will benefit the NEA to have more competition and ensure better tariffs. Likewise, the Developer will have flexibility to optimize structure and secure better financing arrangements.</p>	Please refer to Amendment No. 1 of the EOI document

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37	<b>Payment Assurance Mechanism</b>	<p>Based on the reviewed EOI document and considering Nepal's current market realities (utility credit profile, evolving TBCB framework, hydro-dominated seasonal cash flows, and limited sovereign guarantee practice), a bankable BOOT transmission structure requires a layered payment security plus risk allocation framework, rather than a single mechanism. A comprehensive and practical structure relevant for Nepal is recommended below which could be addressed in the RFP:</p> <p>1. Hybrid Multi-Layer Payment Security Structure This layered approach is widely used in India TBCB and adapted to Nepal context.</p> <p><b>a) Primary Layer: Escrow Account Mechanism:</b> This is the core structure in which NEA creates a ring-fenced escrow account and all revenue streams (bulk supply tariff, wheeling, cross-border revenue) flow into escrow. The priority revenue streams (waterfall) are: O&amp;M expenses of TSP, Debt servicing (lenders), Return on equity, and Residual to NEA. In this model, NEA route designated revenue streams into escrow and ensure minimum balance covenant. Likewise, the Developer (TSP) provide escrow agreement with lenders and operate under defined withdrawal waterfall. Similarly, the Government of Nepal will mandate escrow enforceability (legal backing) and ensure no diversion of escrow funds. This model is highly recommended since NEA has strong operational cash flow but weak payment discipline risk perception and escrow build lender confidence without sovereign guarantee.</p> <p><b>b) Secondary Layer: Revolving Letter of Credit (LC):</b> In this mode, NEA opens irrevocable revolving LC (3 to 6 months of TSC) which automatically replenished monthly. Here, the NEA open LC through credible commercial bank and Developer invoke LC in case of delayed payment. Likewise, the Government of Nepal shall facilitate banking arrangements (especially for FX if foreign lenders involved). This model is suitable since it offers immediate liquidity support and is a standard requirement for project financing.</p> <p><b>c) Tertiary Layer: Government Support Agreement (GSA):</b> Since Nepal avoids full sovereign guarantees, this model provides payment shortfall support, change in law protection, and termination payment backing. Here, the Government of Nepal shall provide backstop only in case if NEA payment default beyond defined period (e.g., 6 months) and political force majeure; and ensure enforceability. The NEA will be the primary obligator and Developer trigger mechanism upon default. <b>This model enhances credit rating of the project and attracts international developers and lenders.</b></p> <p><b>d) Backstop: Payment Security Fund / Liquidity Reserve :</b> In this model, the fund equivalent to 2 to 3 months TSC can be funded via NEA contributions, multilateral support (ADB/ World Bank), and government budget allocation. This benefits additional comfort beyond the LC.</p>	Nepal Electricity Authority (NEA) shall provide payment security mechanisms in appropriate forms. The detailed provisions, structure, and modalities of such payment guarantee will be outlined in the RFP stage

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38	<b>ROW, Land Acquisition, and Clearances</b>	<p>The EOI puts full responsibility on TSP, which makes the project highly risky and non-bankable. The key issues are that in Nepal the projects face major delays in ROW disputes, Compensation disputes, Forest clearance, and Local opposition. Hence, the recommended viable options are depicted below:</p> <ol style="list-style-type: none"> <li><b>Option A: NEA-led pre-Clearance:</b> In this, the NEA secure the ROW, initiate and get approval for Forest clearance, and fix the compensation framework. This will benefit by reducing execution risk, lower tariff bids, and promotes international participation.</li> <li><b>Option B: One-Window Clearance Mechanism:</b> In this, the NEA establishes "Transmission Facilitation Cell" and coordinates with the Forest Ministry, District Administration, Land Revenue Offices, etc. Hence, the NEA will have single interface for all approvals and timeline-bound approvals; Developer submits documents via NEA portal; and accordingly, the Government of Nepal mandate inter-agency coordination. This approval will benefit by eliminating bureaucratic delays and is critical for BOOT success.</li> <li><b>Option C: Shared Responsibility Model:</b> Here, the NEA/Government of Nepal will be responsible for Policy and approvals, Developer responsibility will be for execution and compensation payment, and NEA will lead dispute resolution</li> </ol>	<p>Land acquisition and Right of Way (RoW) shall be the responsibility of the TSP. NEA shall provide facilitation support, including coordination with relevant authorities.</p> <p>The project aims to utilize existing government facilitation frameworks to streamline the approval process.</p> <p>NEA shall provide facilitation support, including coordination with relevant authorities.</p>
39	<b>Force Majeure and Relief Events</b>	<p>The EOI has not considered the force majeure and relief events scenarios according to the nature of this project, and must be addressed in the RFP. Below suggestions are provided which seems critical for Nepal context:</p> <ol style="list-style-type: none"> <li><b>Political / Indirect Force Majeure:</b> This must include the delay in ROW acquisition, Delay in forest clearance, Change in compensation rules, Local protests / strikes / obstructions, and Government authority delays.</li> <li><b>Natural Force Majeure:</b> This must include the Landslides (very critical in Nepal hills), Floods / glacial lake outburst floods, Earthquakes, and Extreme weather.</li> <li><b>Relief Events (Non-Force Majeure but time extension):</b> This must include Delay in land handover, Delay in permits, Archaeological findings, and Transmission line crossings approval delays. There should be a provision of time extension plus cost compensation (where applicable) and no penalty for non-developer risks.</li> </ol>	<p>The Transmission Service Agreement (TSA) shall include provisions for extension of time and relief from applicable liabilities in case of delays arising due to Force Majeure events and certain uncontrollable circumstances, including Right of Way (RoW) constraints and delays in obtaining statutory clearances.</p>
40	<b>Construction Timeline Structuring</b>	<p>The EOI currently puts strict COD risks on TSP. The issue is that Nepal terrain and approval procedures gives unpredictable timelines. Hence, the recommended structure would be to incorporate milestone-based COD instead of fixed timeline, as depicted below:  Financial close- 12 Months  Clearances - Parallel  Construction: 24 to 36 months  COD: Flexible based on ROW availability  Here, the COD linked to percentage (%) ROW availability (e.g., 80%) and clearance readiness.</p>	<p>The suggestion has been noted. However, adequate project-wise timelines for the construction of the project shall be provided in the Transmission Service Agreement (TSA) documents.</p>

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41	<b>Additional Key Recommendations for RFP and TSA Improvement</b>	<p>§ A bankable TSA structure usually has a clear payment terms and termination compensation that includes debt due plus equity IRR.</p> <p>§ The RFP and TSA should contain indexation mechanism for inflation-linked O&amp;M and FX protection (if foreign debt).</p> <p>§ The TSA should address change in law protection such as tax changes and regulatory changes.</p> <p>§ The termination compensation should have provision in the TSA that in case NEA default, full debt and equity shall be compensated to the developer.</p> <p>§ It will also enhance credibility if multilateral participation (such as ADB / World Bank) is encouraged for funding.</p> <p>§ It is recommended to standardize the ROW compensation rates and tower footprints.</p>	The suggestion has been noted.
42	<b>NEA's Role as Bidding Agency &amp; Framework Facilitation</b>	1. Nodal Facilitation Agency: Will the NEA explicitly act as a "Nodal Agency" to facilitate land acquisition, Right of Way (ROW), and Forest/Environmental clearances? Specifically, will a dedicated facilitation cell be established within NEA to coordinate with other Government of Nepal (GoN) agencies on behalf of the TSP?	Land acquisition, Right of Way (ROW), and Forest/Environmental clearances shall be the responsibility of the TSP. NEA shall provide facilitation support, including coordination with relevant authorities.
		2. Mitigation of Local Resistance: What is the extent of NEA's responsibility in handling local resistance and law-and-order issues through local or central administration, and will such delays be considered "Relief Events" for the TSP?	NEA's responsibility shall be limited to providing facilitation support, including coordination with the relevant local or central authorities.
		3. Legal Precedence & Open Access: In the event of a conflict between the project-specific TSA and the general MoEWRI TBCB Framework or the PPP Act, which document will take legal precedence? Furthermore, will the NEA confirm that the "Open Access Directive 2082" is a core governing document?	The provisions regarding legal precedence and applicability shall be defined in the Transmission Service Agreement (TSA).
43	<b>Technical Data, Design, and Approvals</b>	4. Warranty of Data: Since Clause 1.3 assigns "full responsibility" to the TSP for data verification, will the NEA provide a "Warranty of Data" for the LiDAR surveys and cadastral studies provided in Annexure 6? If a post-award "Confirmatory Survey" reveals major deviations, will a tariff adjustment mechanism be provided?	The project descriptions and data provided herein are for illustrative purposes only, based on preliminary studies conducted by NEA. The Bidder acknowledges that it shall not rely solely on this information and assumes full responsibility for the independent verification of all technical and site-specific data. NEA shall not be held liable for any inaccuracies, omissions, or discrepancies contained within these reference materials
		5. Tower Design Standards: Will NEA provide standardized tower designs, or is the TSP required to carry out full design and engineering? If the TSP provides designs, please clarify whether the design standard, i.e., National, NEA, or International (IS/BS/IEC/IEEE) standards, shall prevail in case of conflict.	The design and engineering of transmission towers shall be within the scope of the TSP. The TSP shall ensure that all designs comply with the standard technical specifications of NEA.
		6. Scope Boundaries: Please define the exact technical and responsibility boundaries for substation interface works, including bay readiness, SCADA/communication interface, and protection coordination at both ends.	Substation-side works are not envisaged under the scope of the TSP. The complete scope of works shall be defined in the Transmission Service Agreement (TSA) at the RFP stage.

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44	<b>Environmental, ROW, and Social Safeguards</b>	<p>7. IEE Responsibility &amp; Timeline: For projects where the Initial Environmental Examination (IEE) has not yet started, will the responsibility lie entirely with the TSP? Will the Scheduled COD be adjusted to account for the time required for these statutory approvals?</p> <p>8. Rehabilitation Action Plan (RAP): Is the preparation and implementation of a RAP mandatory? If so, will NEA provide a standardized framework aligned with international practices, and will these costs be fully recoverable through the Transmission Service Charge (TSC)?</p> <p>9. Government-Attributable Delays: If the TSP pays all statutory compensations but is physically blocked by social hurdles or departmental inaction (e.g., forest clearance), will the TSP be entitled to "Deemed Availability" payments and an extension of the Scheduled COD to preserve the full 20-year revenue window?</p>	<p>Yes, the responsibility for obtaining the Initial Environmental Examination (IEE) shall lie with the TSP. The time required for obtaining IEE approval will be duly considered in the project timeline, which will be defined at the RFP stage.</p> <p>The social and environmental requirements, including any Rehabilitation Action Plan (RAP) if required, shall be as per the approved Initial Environmental Examination (IEE) and in accordance with the prevailing Government of Nepal (GoN) rules and regulations. Projects for which the IEE has been approved will be shared at the RFP stage.</p> <p>The Transmission Service Agreement (TSA) shall include provisions for extension of time and relief from applicable liabilities in case of delays arising due to Force Majeure events and certain uncontrollable circumstances, constraints and delays in obtaining statutory clearances.</p>
45	<b>Bid Evaluation, Tariff, and Fiscal Incentives</b>	<p>10. Qualification Assessment: Will the technical and financial qualification criteria (Net Worth and Turnover) be evaluated on a per-project basis, or will they be cumulative for bidders applying for multiple projects? Furthermore, is there a provision to bid for multiple packages and, if found to be the lowest bidder in more packages than the bidder's qualifications allow, an opportunity to choose the specific package or packages within the available technical and financial qualification limits?</p> <p>11. Performance Bank Guarantee: Is a Performance Bank Guarantee required after the award of the RFP? If yes, what will be the percentage of the project cost required, and will the duration of this guarantee extend until the Commercial Operation Date (COD)?</p> <p>12. Fiscal Benefits &amp; Duty Exemptions: Will the customs duty and VAT exemptions currently applicable to NEA-led projects also be extended to TSPs under the TBCB framework? If not, will the BA recommend these benefits to the GoN, allowing for lower bid prices?</p>	<p>Please refer to Amendment No. 1 of the EOI document</p> <p>Yes, a Performance Bank Guarantee will be required. The specific details of the guarantee shall be provided in the RFP documents.</p> <p>The BA shall seek the permission of the relevant authority to transfer the survey or transmission license to the winning bidder or SPV established by the winning bidder to undertake the activities as the TSP</p>
46	<b>Construction, COD, and Payment Security</b>	<p>13. Deemed COD: If the line is completed by the TSP but NEA's substations or bays are not ready for energization, will "Deemed COD" provisions apply to trigger the commencement of TSC payments?</p> <p>14. Payment Security Mechanism (PSM): Will the NEA provide a robust PSM, such as an Irrevocable Letter of Credit (LC), a Sovereign Guarantee from the Ministry of Finance, or a Default Escrow Agreement?</p> <p>15. Availability Formula &amp; O&amp;M: What is the exact mathematical formula for "System Availability"? Will planned maintenance windows be treated as "Excused Outages," or will they reduce the TSP's revenue?</p>	<p>Your understanding is correct. The detailed provisions regarding Deemed COD and the commencement of TSC payments shall be provided in the Transmission Service Agreement (TSA).</p> <p>Please refer the Clarification given in SN 37 above</p> <p>The methodology and the mathematical formula for "System Availability" shall be defined in the Transmission Service Agreement (TSA).</p>

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S.N.	Page & Clause	Bidders Query	NEA Reply
47	Pre-Development Costs & Assignment Rights	16. Lenders' Assignment Rights: To facilitate project financing, can the project rights, licenses, and the SPV itself be officially assigned to the lenders as security?	The Financing Framework and Lender Protection mechanisms shall be governed and defined in detail in the Transmission Service Agreement (TSA) and the Request for Proposal (RFP) documents.
		17. Termination Compensation: Will the TSA confirm that in cases of Employer Default or Political Force Majeure, termination compensation will cover 100% of the Debt (including breakage costs) and the original Equity investment?	The details regarding termination, including compensation in cases of Employer Default shall be provided in the Transmission Service Agreement (TSA).

Clarification No. 1					
S.N	Project	Title	Current Status Description	Bidders Query	NEA Reply
48	Sitalpati (Arun Hub) Inaruwa TL (400 kV Circuit, Quad ACSR Moose, 95 km)	Survey	Survey completed (LiDAR Survey).	/	
		Detailed Project Report	1. Tower Design Complete	Time of obtaining Foundation design and revised estimation documents?	The preparation and finalization of design, including any revised estimation documents, fall under the scope of the Transmission Service Provider (TSP). As the project follows a design, build, and operate approach, all such engineering and related documentation shall be the responsibility of the TSP.
			2. Geotechnical Investigation Complete		
			3. Foundation Design in Final Stage		
			4. Revised estimation is at final stage		
		IEE License	Construction License Process at final stage (Public notice published).	1. IEE License obtained? 2. Time of obtaining IEE report and Construction License?	IEE approved and Construction License waited and obtained before TSA agreement
Land Acquisition	Land Parcel field verification completed. Acquisition not initiated.	Time of obtaining Land Acquisition?	TSP shall be responsible for obtaining Land Acquisition and Forest clearance permit as per prevailing rules and regulations of GoN		
Forest Clearance	All data available (including tree counting) to initiate process for forest clearance permit. Process not initiated.	Time of obtaining Forest clearance permit?			
Transmission License	/	Time of obtaining?	Transmission License will be obtained before TSA signing		

Clarification No. 1					
S.N	Project	Title	Current Status Description	Bidders Query	NEA Reply
49	Tingla – New Khimti – Sunkoshi Hub – Dhalkebar TL	Survey	Survey Completed	/	
		Detailed Project Report	1. Tower Design Complete (Used Tamakoshi-Kathmandu Tower)	Time of obtaining revised estimation documents?	The preparation and finalization of design, including any revised estimation documents, fall under the scope of the Transmission Service Provider (TSP).
			2. Preliminary Geotechnical Investigation Complete		
			Foundation Design Completed (typical design)		
			3. Estimation Completed (needs revision)		
		IEE	Completed	Time of obtaining IEE report and Construction License ?	Already obtained
Transmission License	Transmission License Acquired.	The transmission license means transmission line survey license?	Transmission License means transmission construction and operation license		
Land Acquisition	Preliminary Cadastral data collected but requires verification.	Time of final data providing and Land Acquisition?	TSP shall be responsible for obtaining Land Acquisition and Forest clearance permit as per prevailing rules and regulations of GoN		
Forest Clearance	Sample survey completed. Detailed Tree counting needs to be done.	Time of obtaining Forest clearance permit?			

Clarification No. 1					
S.N	Project	Title	Current Status Description	Bidders Query	NEA Reply
50	Dadakhet – Burtibang TL (132 kV Double Circuit, Single ACSR Bear, 33 km)	Transmission Line Survey License	Obtain	/	
		Transmission Line Survey	In progress	Time of obtaining Transmission Line Survey and survey report?	NEA has already received the Transmission Survey License and initiated detailed survey activities; these completed studies will be handed over to the successful bidder at the time of the TSA agreement, while any remaining studies and permit clearances required as per Government of Nepal (GoN) rules shall be the sole responsibility of the bidder, the details of which shall be outlined in the RFP document.
		IEE	Not Started Yet	Time of obtaining IEE report and Construction License?	
		Detailed Project Report	/	Time of obtaining Detailed Project Report?	
		Land Acquisition	/	Time of final data providing and Land Acquisition?	TSP shall be responsible for obtaining Land Acquisition and Forest clearance permit as per prevailing rules and regulations of GoN
		Forest Clearance	/	Time of obtaining Forest clearance permit and data?	
51	Ridi – Tamghas TL (132 kV Double Circuit, Single ACSR Bear, 28 km)	Transmission Line Survey License	“With reference to your queries, the following is clarified:	/	
		Transmission Line Survey	In progress	Time of obtaining Transmission Line Survey and survey report ?	NEA has already received the Transmission Survey License and initiated detailed survey activities; these completed studies will be handed over to the successful bidder at the time of the TSA agreement, while any remaining studies and permit clearances required as per Government of Nepal (GoN) rules shall be the sole responsibility of the bidder, the details of which shall be outlined in the RFP document.
		IEE	Not Started Yet	Time of obtaining IEE report and Construction License?	
		Detailed Project Report	/	Time of obtaining Detailed Project Report?	
		Land Acquisition	/	Time of final data providing and Land Acquisition?	TSP shall be responsible for obtaining Land Acquisition and Forest clearance permit as per prevailing rules and regulations of GoN.
		Forest Clearance	/	Time of obtaining Forest clearance permit and data?	

<b>Clarification No. 1</b>		
<b>S.N.</b>	<b>Bidders Query</b>	<b>NEA Reply</b>
52	Timeline to get construction license for Sitalpati-Inaruwa line.	Transmission License waited and obtained before TSA agreement
53	Timeline to get Survey license for Dadkhet-Burtibang & Ridi-Tamghas TL.	The responsibility for obtaining the Transmission License shall rest with the selected Transmission Service Provider (TSP). However, NEA shall facilitate the process to the extent permitted under applicable laws.
54	Status of land acquisition for all 4 projects.	The TSP shall be responsible for land acquisition, Right of Way (RoW) clearance and forest clearance .
55	Timeline for Forest Clearance Permit for all 4 projects.	NEA shall provide necessary facilitation and coordination support with relevant government authorities. The detailed risk allocation shall be specified in the TSA.
56	Timeline for RFP submission.	The Request for Proposal (RFP) shall be issued to the shortlisted bidders following completion of the EOI stage
57	Land acquisition and payment for compensation for RoW shall be taken care by NEA or shall facilitate only?	Land acquisition and payment for compensation for RoW is sole responsibility of the TSP.
58	With reference to your Expression of Interest for Selection of Bidder as Transmission Service Provider under Tariff Based Competitive Bidding Framework published on 12 March 2026; we kindly request you to clarify whether there is a provision of Payment Guarantee to be provided by the Nepal Electricity Authority or Government of Nepal?	Nepal Electricity Authority (NEA) shall provide payment security mechanisms in appropriate forms. The detailed provisions, structure, and modalities of such payment guarantee will be outlined in the RFP stage

<b>Clarification No. 1</b>		
<b>S.N.</b>	<b>Bidders Query</b>	<b>NEA Reply</b>
59	<b>Right of Way (RoW) &amp; Land Acquisition Risk</b>	
	Who bears the primary responsibility and risk for land acquisition and RoW clearance delays?	The Transmission Service Provider (TSP) bears the primary responsibility and risk for land acquisition and Right of Way (RoW) clearance delays
	Will NEA provide administrative support, and will delays due to RoW issues qualify for time extension and cost compensation?	Please refer the Clarification given in SN 25 above
60	<b>Payment Security Mechanism (Revenue Risk)</b>	
	What is the payment security structure for Transmission Service Charges (TSC)?	Please refer the Clarification given in SN 24 above
	Will it be supported by mechanisms such as Letter of Credit (LC), escrow arrangement, or sovereign guarantee?	

<b>Clarification No. 1</b>		
<b>S.N.</b>	<b>Bidders Query</b>	<b>NEA Reply</b>
61	<b>COD Delay &amp; Concession Period Clause</b>	Please refer the Clarification given in SN 16 above
	The EOI states that delay in COD reduces the 20-year operation period.	
	Kindly clarify whether delays due to force majeure, RoW issues, or delays in statutory approvals will also result in reduction of the concession period.	
	Will such delays qualify for extension of time and corresponding extension of the concession period?	
62	<b>Forest &amp; Environmental Clearance Responsibility</b>	The Transmission Service Provider (TSP) is solely responsible for obtaining all necessary environmental and forest clearances, even if the process has not yet been initiated.
	For projects where environmental and forest clearance is yet to be initiated, who will be responsible for obtaining such approvals?	
	Will delays attributable to government authorities be treated as relief events with entitlement to time and cost compensation?	
		Please refer the Clarification given in SN 16 above

<b>Clarification No. 1</b>		
<b>S.N.</b>	<b>Bidders Query</b>	<b>NEA Reply</b>
	<b>Tariff (TSC) Structure &amp; Cost Pass-Through</b>	
63	Will the quoted TSC allow pass-through of changes in law (including taxes and duties)?	The TSA shall include provisions for Change in Law. Any pass-through of such impacts, including taxes and duties, shall be governed by the provisions specified in the TSA and applicable regulatory framework.
	Will provisions be made for inflation and interest rate variations?	The treatment of inflation and interest rate variations shall be specified in the RFP and TSA. Any applicable adjustment mechanisms shall be governed by the provisions set out therein.
	Will cost escalation arising from delays not attributable to the bidder be considered?	Will cost escalation arising from delays not attributable to the bidder be considered?

## Clarification No. 1

S.N.	EOI Clause Ref.	EOI Provision	Issue / Justification	Bidders Query	NEA Reply
64	Clause 1.6 (Term of Agreement)	"In the event that COD is delayed... the Operation Period shall not be extended... any delay... shall proportionately reduce the effective duration of the Operation Period."	Reducing the concession period is a double penalty (loss of revenue + ongoing interest during construction) and makes debt financing highly unviable for international lenders. Standard global practice is to apply Liquidated Damages (LD) capped at 5-10% of project cost.	Query: Will NEA consider replacing the proportional reduction of the 20-year Operation Period with standard Liquidated Damages (LD) linked to performance bank guarantees? We strongly request keeping the 20-year revenue period intact post-COD to ensure project bankability.	The provision has been reviewed and is considered appropriate at this stage. Detailed implementation aspects, where required, shall be clarified in the RFP.
65	Clause 1.6 (Term of Agreement)	"a period of twenty (20) years from COD (the 'Operation Period')"	Transmission assets have a standard useful life of 35-50 years. A 20-year BOOT period will force bidders to quote a very high Annual Transmission Service Charge (TSC) to recover capital costs rapidly.	Query: To ensure lower, competitive transmission tariffs for NEA, will the Bidding Agency consider extending the Operation Period from 20 years to 35 years, in line with international TBCB standards?	The provision has been reviewed and remains unchanged.
66	Clause 1.3 & 7.4 (Project Context)	"The TSC must account for all costs, including the recovery of expenses incurred by the BA for project formulation and survey tasks..."	Without a quantified figure for these historical expenses, bidders cannot accurately model their financial exposure or equity requirements at the EOI stage.	Query: Kindly quantify the exact or maximum capped amount of historical survey/formulation expenses incurred by NEA that the successful SPV will be required to reimburse.	Detailed provisions shall be specified in the RFP and TSA.
67	Clause 5(B) (Financial Qualification)	"Where a Bidder applies for more than one project, Net Worth & Annual Turnover requirement shall be cumulative of the projects applied for."	A bidder may have the net worth for TL-02 alone, but apply for both TL-01 and TL-02 hoping to win at least one. If cumulative net worth is enforced at EOI, they fail both.	Query: If a Bidder applies for both TL-01 and TL-02 but only meets the standalone Net Worth requirement for TL-02 (and not the cumulative), will the Bidder be disqualified entirely, or will they still be shortlisted for TL-02? We request evaluating financials based on the single largest project applied for.	Please refer to Amendment No. 1 of the EOI document.
68	Clause 4(B) (Technical Qualification)	"Bidders may use the technical capability of a Parent Company... provided the Parent Company holds at least 26% equity..."	RECPDCL is a 100% subsidiary of a Sovereign Maharatna CPSE (REC Limited). Direct equity holding by the parent in the Nepal SPV may face statutory delays.	Query: For 100% subsidiaries of Government-owned entities / Sovereign Wealth Funds, can the Parent Company's credentials be utilized strictly against a Board Resolution/Corporate Guarantee, without requiring the Parent Company to hold direct equity in the project SPV?	<p>The Bidder may rely on the technical and/or financial capability of its Parent Company, including in the case of 100% subsidiaries of Government-owned entities or Sovereign Wealth Funds, subject to the submission of a legally binding undertaking in the form of a Board Resolution and/or Corporate Guarantee from the Parent Company to support the Bidder for execution of the Project.</p> <p>In such cases, direct equity participation of the Parent Company in the SPV shall not be mandatory, provided that the Bidder remains a wholly-owned subsidiary of the Parent Company throughout the bidding process and until at least one (1) year after COD, and the Parent Company continues to exercise control over the Bidder.</p> <p>The Bidding Agency reserves the right to review and accept such arrangements on a case-by-case basis.</p>
69	General / Missing (Clearances & RoW)	The selected TSP is responsible for obtaining all statutory clearances, Right of Way (ROW), and forest clearances.	Land acquisition and forest clearances in hilly terrain (Koshi/Gandaki provinces) are subject to severe delays beyond the TSP's control.	Query: Will the Transmission Service Agreement (TSA) provide blanket schedule extensions and protection from penalties for delays arising out of Force Majeure, severe Right of Way (RoW) disputes, and delayed statutory forest clearances?	<p>The Transmission Service Agreement (TSA) shall include provisions for extension of time and relief from applicable liabilities in case of delays arising due to Force Majeure events and certain uncontrollable circumstances, including Right of Way (RoW) constraints and delays in obtaining statutory clearances.</p> <p>Such provisions shall be subject to defined terms, conditions, and procedures as specified in the TSA, including requirements for notice, mitigation, and verification. Relief shall be granted on a case-by-case basis in accordance with the provisions of the TSA.</p>

## Clarification No. 1

S.N.	EOI Clause Ref.	EOI Provision	Issue / Justification	Bidders Query	NEA Reply
70	Clause 7.3 (Tariff Structure)	"...quote a single Annual Transmission Service Charge (TSC) in Nepalese Rupees..."	Bidding in NPR exposes international consortiums (Indian/Global) to severe foreign exchange (Forex) risks, driving up the risk premium in the quoted tariff.	Query: Will the TSA include an indexation mechanism (to USD or INR) to protect the TSP against the depreciation of the Nepalese Rupee over the 20-year concession period? Furthermore, will NEA guarantee the free convertibility and repatriation of dividends?	<p>The Transmission Service Charge (TSC) shall be denominated and payable in Nepalese Rupees. Accordingly, no foreign exchange indexation or adjustment mechanism shall be provided under the Transmission Service Agreement (TSA).</p> <p>Bidders are required to factor in and manage any foreign exchange risks in their financial proposals.</p> <p>With respect to repatriation and convertibility, the Project shall be governed by the prevailing laws and regulations of the Government of Nepal. NEA shall facilitate, to the extent permissible, compliance with such applicable laws.</p>
71	General / TBCB Framework		The EOI mentions the TBCB Framework issued by MoEWRI on 2082/08/25. Bidders require these underlying guidelines to understand the risk allocation.	Query: Please provide a copy of the overarching TBCB Guidelines and Standard Bidding Documents (SBDs/TSA) published by the Govt. of Nepal / MoEWRI / NEA.	<p>The Tariff Based Competitive Bidding (TBCB) Framework issued by the Government of Nepal / Ministry of Energy, Water Resources and Irrigation forms the basis for this procurement and is available in the public domain.</p> <p>The detailed Standard Bidding Documents, including the Request for Proposal (RFP) and draft Transmission Service Agreement (TSA), are under preparation and shall be issued to the shortlisted bidders at the RFP stage.</p>
72	Clause 3.3 (SPV Incorporation)		Clause 3.3 mandates SPV incorporation in Nepal. International bidders need clarity on Foreign Direct Investment (FDI) regulations.	Query: Kindly clarify if there are any foreign ownership restrictions or minimum mandatory local (Nepalese) shareholding requirements for the SPV.	<p>There are no project-specific foreign ownership restrictions or minimum mandatory Nepalese shareholding requirements prescribed under this EOI.</p> <p>However, bidders shall comply with the prevailing laws and regulations of the Government of Nepal relating to foreign investment, company incorporation, and sectoral approvals, as applicable.</p> <p>The shareholding structure of the SPV shall be subject to such applicable legal and regulatory framework</p>
73	General (Regulatory Oversight)		Clarity is required on the regulatory regime governing the concession.	Query: Kindly clarify the Electricity Regulatory Commission (ERC) or relevant regulatory body regarding: (a) Tariff approval/adoption, (b) TSA enforcement, and (c) Dispute resolution during the concession period.	<p>The Transmission Service Agreement (TSA) shall be a legally binding contract between NEA and the selected Transmission Service Provider (TSP), enforceable in accordance with the laws of Nepal.</p> <p>(a) The electricity tariff for the project shall be subject to formal ERC approval and adoption as per the prevailing regulatory framework.</p> <p>(b) The Transmission Service Agreement (TSA) shall be a legally binding contract between NEA and the selected Transmission Service Provider (TSP), enforceable in accordance with the laws of Nepal..</p> <p>(c) Dispute resolution mechanisms, including provisions for amicable settlement, arbitration, and applicable jurisdiction, shall be specified in the TSA in accordance with prevailing legal and regulatory provisions.</p>
74	General (Dispute Resolution)		For international developers and lenders, neutral arbitration is critical for bankability.	Query: Please confirm the applicable law for dispute resolution and the proposed jurisdiction/seat of arbitration (e.g., UNCITRAL, SIAC, or ICC)	<p>The Transmission Service Agreement (TSA) shall be governed by the laws of Nepal.</p> <p>The dispute resolution mechanism, including provisions for arbitration, shall be specified in the TSA. The seat and rules of arbitration shall be determined in accordance with the applicable legal framework and shall be communicated at the RFP stage.</p>

## Clarification No. 1

S.N.	EOI Clause Ref.	EOI Provision	Issue / Justification	Bidders Query	NEA Reply
75	General (Payment Security Mechanism)		Regular and secure payment of the Transmission Service Charge (TSC) is the foundation of the BOOT model.	<b>Query:</b> What is the proposed Payment Security Mechanism for the monthly TSC? Will NEA provide a revolving Letter of Credit (LC), an Escrow mechanism, and/or a Sovereign Guarantee from the Govt. of Nepal backing NEA's offtake obligations?	The payment security mechanism for the Transmission Service Charge (TSC) shall be specified in the Transmission Service Agreement (TSA). The mechanism will be structured to ensure timely payment obligations of NEA and overall bankability of the Project, in line with the applicable regulatory framework.  The specific instruments, including provisions such as Letter of Credit, escrow arrangements, or other suitable mechanisms, if applicable, shall be detailed in the RFP and TSA. Any requirement of Government of Nepal support, if considered, shall be subject to prevailing policies and approval
76	Clause 1.6 (Term of Agreement & Delays)		"In the event that COD is delayed... any delay... shall proportionately reduce the effective duration of the Operation Period."	<b>Query:</b> As this provision poses huge risks of revenue loss for execution delays, will NEA consider replacing the proportional reduction of the 20-year Operation Period with standard Liquidated Damages (LD) linked to performance bank guarantees? We strongly request keeping the 20-year revenue period intact post-COD to ensure project bankability.	The provision relating to adjustment of the operation period in case of delay attributable to the Transmission Service Provider (TSP) has been included to ensure timely completion of the Project and alignment of incentives.  The suggestion to adopt a Liquidated Damages (LD) mechanism in lieu of reduction in the operation period has been noted. NEA is examining appropriate risk allocation and may consider suitable provisions in the Transmission Service Agreement (TSA) to ensure project bankability while maintaining accountability for timely completion.  The final approach, including any provisions relating to delay, LDs, or adjustment of the operation period, shall be specified in the RFP and TSA.
77	Clause 7.3 (Tariff Structure)		Bidding in NPR exposes international consortiums to long-term forex risks.	<b>Query:</b> Will the TSA include an indexation mechanism (e.g., to USD or INR) to protect the TSP against the depreciation of the Nepalese Rupee over the 20-year concession period? Furthermore, will NEA/GoN guarantee the free convertibility and repatriation of dividends and debt service?	Please refer the Clarification given in SN 57 above
78	General (Change in Law & Force Majeure)		Protection against unforeseen statutory or natural events is a mandatory requirement for lenders.	<b>Query:</b> Please confirm the provisions regarding Force Majeure and Change in Law. Specifically, whether any Change in Law or tax variation during the construction and operation periods will be a direct pass-through in the tariff.	The TSA shall include provisions for Force Majeure and Change in Law in accordance with the applicable regulatory framework. Any relief or compensation, including treatment of tax variations, shall be specified in the TSA and will be subject to defined terms and conditions.
79	Clause 7.4 (Cost Recovery)		The TSC must account for the recovery of expenses incurred by NEA. Bidders cannot model their bids without knowing this amount.	<b>Query:</b> Kindly quantify the exact or maximum capped amount of historical survey/formulation expenses incurred by NEA that the successful SPV will be required to reimburse upfront.	The details of any reimbursement of historical survey and formulation expenses, including the applicable amount and payment terms, shall be specified in the RFP and TSA
80	Clause 7.5 (Discount Rate)		"The RFP shall include a discount rate that would be used for evaluation of bids."	<b>Query:</b> Kindly clarify whether the discount rate will be a fixed numerical value or a variable rate. Will detailed sensitivity parameters be provided in the RFP?	The discount rate and related financial parameters shall be specified in the RFP. Detailed assumptions and any applicable sensitivity parameters, if required, will be provided therein.
81	Clause 5(B) (Financial Qualification)		Net Worth & Annual Turnover requirements are cumulative if applying for more than one project.	<b>Query:</b> If a Bidder applies for both TL-01 and TL-02 but after evaluation only meets the standalone Net Worth requirement for only one of the project i.e. either TL-01 or TL-02 (and not the cumulative), will the Bidder be disqualified entirely, or will they still be shortlisted for any one of the project? If yes, how the same shall be selected, i.e. TL-01 or TL-02?	Please refer to Amendment No. 1 of the EOI document.

## Clarification No. 1

S.N.	EOI Clause Ref.	EOI Provision	Issue / Justification	Bidders Query	NEA Reply
82	Annexure 6 (Current Status of Clearances)		It is mentioned in the EOI notice document: TL-01: a. IEE License: Construction License Process at final stage (Public notice published). b. Land Acquisition: Land Parcel field verification completed. Acquisition not initiated. c. Forest Clearance: All data available (including tree counting) to initiate process for forest clearance permit. Process not initiated. For TL-02, a. IEE Completed b. Transmission License: Transmission License Acquired. c. Land Acquisition: Preliminary Cadastral data collected but requires verification. d. Forest Clearance Sample survey completed. Detailed Tree counting needs to be done.	<b>Query:</b> (i) From the given clause, We understand that NEA will carry out the Land Acquisition for the given transmission lines. Please confirm the same. (ii) Since these critical activities are incomplete, who will be responsible for their final completion? Will the TSP be granted schedule extensions for any statutory delays beyond their control ?	i) Land acquisition and Right of Way (RoW) shall be the responsibility of the TSP. NEA shall provide facilitation support, including coordination with relevant authorities.  (ii) The TSP shall be responsible for completing all required statutory approvals. The TSA shall include provisions for extension of time for delays beyond the control of the TSP, subject to defined terms and conditions.
83	General (Right of Way & Land Acquisition)		Land acquisition is a major cost and schedule risk.	<b>Query:</b> What are the Right of Way (ROW) acquisition guidelines for Transmission Lines in Nepal? Furthermore, who will bear the actual capital cost of Land Acquisition and crop/property compensation for the transmission line—the TSP or NEA?	Right of Way (RoW) for transmission lines shall be governed by the prevailing laws, regulations, and guidelines of the Government of Nepal.  The responsibility for land acquisition, RoW, and associated costs, including compensation for land, crops, and property, shall lie with the TSP. NEA shall provide facilitation support, including coordination with relevant authorities.
84	Annexure 6 (Survey, Design & DPR Data)		it is mentioned in the EOI notice document: For TL-01: 1. Survey Survey completed (LiDar Survey). Detailed Project Report 2. Tower Design Complete 3. Geotechnical Investigation Complete 4. Foundation Design in Final Stage 5. Revised estimation is at final stage For TL-02 1. Survey completed. Detailed Project Report 1. Tower Design Complete (Used Tamakoshi-Kathmandu Tower) 2. Preliminary Geotechnical Investigation Complete 3. Foundation Design Completed (typical design) 4. Estimation Completed (needs revision)	<b>Query:</b> (i) it is requested to provide the *.kml files of the transmission line routes proposed under the EOI, (ii) When will these detailed survey documents and DPRs be provided to the shortlisted bidders to estimate costs? Furthermore, who will bear the liability for the accuracy, constructability, and applicability of the NEA-provided designs and surveys during actual execution?	(i) The KML files and detailed survey documents will be provided during the RFP stage to shortlisted bidders. (ii) The TSP bears all liability for the accuracy, constructability, and applicability of the designs during execution. The bidder acknowledges that it shall not rely solely on this information and assumes full responsibility for the independent verification of all technical and site-specific data. NEA shall not be held liable for any inaccuracies, omissions, or discrepancies within these reference materials.