



NATIONAL AGENCY  
OF INVESTMENT  
AND PRIVATIZATION

REPUBLIC OF BELARUS



**Construction of Nemnovskaya hydropower station  
on the Neman river in Grodno region (20 MW)  
in the Republic of Belarus  
on build-operate-transfer basis (BOT)**

**MINISTRY OF ENERGY OF THE REPUBLIC OF BELARUS**

**SPA «Belenergo»**

**RUE «Grodnoenergo»**

# Project`s location



The site for the Nemnovskaya HPP construction is located 20 kilometres away from the city of Grodno downstream of **the Neman river**. Grodno is the 5<sup>th</sup> largest city of Belarus by the number of inhabitants (300 thsd people). It is the capital of Grodno Region. The city is close to the borders of Poland and Lithuania (about 20 km and 30 km away respectively).

The Neman river is the 14<sup>th</sup> largest river in Europe, the largest in Lithuania and the 3<sup>rd</sup> largest in Belarus. The total length of the Neman is 937 kilometers. Over the entire length, 459 km flows in Belarus.

# Project`s specifications

<i>Investment project</i>	Construction of Nemnovskaya HPP on the Neman river
<i>Project financing</i>	BOT
<i>Price of electric energy purchase by the Republic of Belarus from Nemnovskaya HPP</i>	defined by the agreement between the parties on the basis of economic assessment provided by an investor
<i>Operating time of the HPP before transferring it to the Republic of Belarus</i>	defined by the agreement between the parties on the basis of economic assessment provided by an investor (but not more than 15 years)
<i>Installed capacity</i>	19.8 MW
<i>Projected energy generation in a normal water content year</i>	85.536 mn kWh
<i>Capacity factor</i>	0.5
<i>Estimated cost</i>	USD 130 mn
<i>Putting into operation</i>	2015
<i>Compulsory requirement</i>	Ship lock construction
<b>Characteristics of the constructed water reservoir:</b>	
<i>Volume</i>	38 mn m <sup>3</sup>
<i>Surface area</i>	720.0 ha
<i>Average width</i>	225 m
<i>Maximum width</i>	630 m
<i>Length</i>	38 km
<i>Average depth</i>	5.2 m
<i>Maximum water level difference between downstream and upstream pools</i>	9 m
<i>Maximum flooded area</i>	Up to 590 ha

The design of the Nemnovskaya HPP foresees the construction of a HPP building equipped with 5 horizontal mining devices (installed capacity of each being 4.167 MW) combined with Pit type turbines - Kaplan. These are double-regulated water turbines - regulated runner blades and regulated guide vanes. The turbine wheel diameter is 3 meters. Estimated flow through five turbines is  $Q_p = 321 \text{ m}^3/\text{s}$ , through one turbine is  $64.2 \text{ m}^3/\text{s}$ .

In order to secure the carrying capacity of the Neman river there is a possibility to construct both a ship lock and fish passing facilities at the site of the HPP dam.

# Electricity purchase

The Republic of Belarus guarantees the purchase of the whole energy generated by a hydro-electric power plant and shall at its own expense construct power transmission lines required to secure power supply to the electric power system of the Republic of Belarus.

At present the Decree № 100 of the Ministry of Economy of the Republic of Belarus of June 30, 2011 **provides the following multiplying coefficients for the purchase of electrical energy generated from renewable energy sources:**

for the first 10 years from the date of putting the plant into operation – 1.3;

over 10 years of the power plant operation – 0.85

for electric energy tariffs for industrial and equivalent consumers with the connected capacity of up to 750 kVA.

Furthermore an investor can propose and economically justify other terms and conditions for the electric energy sale to the Republic of Belarus within the period of the hydro-electric power plant operation which are to be specified in the investment contract.

# Investment agreement

An investor pretending to implement the investment project and conclude the investment contract shall announce his readiness to the project implementation as well as the date of submission of a draft investment contract and project implementation proposal which is due not later than 3 months from the date of announcement of the readiness to the project implementation.

Project implementation proposal must include economic justification for the terms and conditions of the electric energy sale to the Republic of Belarus as well as economic justification for the operating time of the hydro-electric power plant.



# Incentives

Upon signing of the **investment agreement**, during implementation of the investment project investors shall:

## have the right to:

✓construct facilities and **concurrently** prepare, examine and approve any design documentation required for each stage of the construction according to the established procedure along with planning of successive stages of this construction;

✓**lease a land plot** of proper size, **without any auction** for the right to conclude a land plot lease agreement, in the selected location for construction of facilities. Preparation of the documents for the land plot allocation can be carried out along with construction activities;

✓nominate a general design organization, subcontracting design, construction and other organizations for construction of the facilities provided for by the investment project as well as for repair, reconstruction, restoration and improvement thereof **without any tenders**;

## be exempt from:

✓payment for the right to conclude a land lease agreement;

✓land tax or rent allotted for the construction of facilities under the investment project, for a period of design and construction of such facilities till December 31 of the year following the year when construction was completed;

✓compensation of any agricultural and/or forestry losses;

✓deductions to innovative funds for the duration of the investment contract;

✓**import customs duties and VAT** levied on import of technological equipment (accessories and spare parts thereto) for the investment project implementation.

✓payment of state fee for permits for employment of foreign nationals to the Republic of Belarus, special work permits for employment in the Republic of Belarus and for foreign citizens and persons without citizenship employed by the investor;

✓VAT and income tax payable in connection with free-of-charge transfer of permanent structures (buildings), isolated premises, construction in progress and other fixed assets transferred into ownership of the investor;

✓investor is entitled to stipulate in the investment agreement draft provision of additional benefits and preferences which shall also be explained in the feasibility study and proposals.



# Welcome to Belarus



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