



STANDARD OPERATING PROCEDURE FOR POWER ALLOCATION TO INDUSTRIES

DEPARTMENT OF ENERGY

MINISTRY OF ENERGY AND NATURAL RESOURCES

August 2026 (Revision 04)

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1. INTRODUCTION

Hydropower is recognized as a strategic national resource and has been one of the primary sources of revenue generation for Bhutan from export after meeting its own growing domestic demand. Further, electricity is an enabler for economic development, a key facilitating factor for the promotion of industries to enhance the economic growth in the country.

The National Energy Policy 2025 , under section 9.2, mandates the Department of Energy to “assess and allocate power supply to industries in consultation with the relevant RGoB agencies”. Thus, DoE needs to ensure efficient and reliable supply of power to the industries including the allocation of power to the upcoming/planned industries in a coordinated, rationalized and sustainable manner.

Furthermore, due to the growing domestic demand, the peak demand has surpassed the firm power capacity. Although Bhutan has surplus generation on an annual basis, during the dry winter seasons domestic generations drop to its lowest (firm capacity) and owing to the growing domestic demand, power deficit is forecasted during these lean months. While RGoB will strive to secure energy by enhancing domestic capacity, energy diversification, entering into import mechanisms, promoting energy efficiency and conservation, amongst other viable interventions, it is imperative to utilize the available resource in a strategic manner.

Therefore, to operationalize the mandates stated in the National Energy Policy 2025 , this Standard Operating Procedure (SOP) is prepared to serve as a guidance for allocating power to the industries through coordination and harmonization amongst the relevant stakeholder to deliver efficient public services.

2. OBJECTIVE

To allocate reliable and secure power supply to industries through sound and rationalized assessment and efficient coordination amongst the power sector agencies and utilities for effective public service delivery.

3. SCOPE

The SOP sets down the process and the responsibilities of relevant agencies in allocating power to industries (new industries as well as existing industries with new expansion plans).

4. INSTITUTIONAL ARRANGEMENT

The following institutions identified shall be responsible for the matters related to the power allocation:

i. Department of Energy (DoE)

The DoE under the Ministry of Energy and Natural Resources (MoENR) shall serve as the Nodal Agency of the RGoB responsible for assessing and allocating power to industries through the issuance of Power Clearance and Power Sanction.

ii. Druk Green Power Corporation (DGPC)

The DGPC shall be responsible for submitting the generation and supply status of hydropower plants in the country to DoE including the import mechanism, during any deficit period.

iii. Bhutan Power Corporation Limited (BPC)

The BPC shall be responsible for carrying out the detailed system studies and field assessment on the new/augmentation/modification required for infrastructure expansion for power supply to the industry. BPC shall also be responsible for signing of the Capacity Reserve Agreement (CRA) and the Contract Demand Agreement (CDA) with the Proponent.

iv. Bhutan Power System Operator (BPSO)

The BPSO is responsible for carrying out grid stability and reliability studies including contingency analysis for planning and operation of the national grid in a reliable manner. For allocation of power, BPSO shall be consulted as and when required .

5. ELIGIBILITY CRITERIA AND REQUIREMENTS

The proponents shall apply for power allocation service based on the industry type and power requirement as shown in the Table 1:

Table 1: Eligibility Criteria

Industry Type	Power Requirement	Allocation Authority
Manufacturing and Production	More than 353kVA (300kW)	Department of Energy
Datacenter, Datacenter hosting & Processing (Service Industry)	All capacities (irrespective of power)	

5.1 Information Required for Ferro-Based Industries

- i. Application seeking power allocation for the establishment, expansion, or enhancement of ferro based industries shall submit the following information and supporting documents:
 - a. Furnace detail: Number, type, and individual rating of electric furnaces or other major electrical equipment.
 - b. Auxiliary Load Details: Detailed auxiliary load power requirements, proposed load expansion plan, if any.
 - c. Declaration: declaration confirming the accuracy of the information submitted, including conditions of power allocation.
- ii. The DoE shall process the application for power allocation only upon submission of all required supporting documents. The Department may require the applicant to submit additional technical information, studies, or supporting documents, where necessary, to assess power system adequacy, network impacts, grid reliability, and technical standards and requirements.

5.2 Application Requirements for Data Centers

- i. An application seeking power allocation for the establishment, expansion, or enhancement of a data center shall submit a valid approval for establishment of data center issued by the Bhutan InfoComm and Media Authority (BICMA), together with the application for power allocation and all other documents prescribed under this SOP.

- ii. Where the application is incomplete, or the BICMA approval is invalid, expired, suspended, or revoked, the application shall be deemed ineligible for power allocation. Where power clearance has already been issued, such clearance shall be suspended or revoked, as applicable, subject to the applicable procedures and terms of the power clearance.
- iii. Submission of a valid approval issued by BIMCA shall not guarantee the allocation of power. The DoE shall assess the application based on the power system adequacy, transmission and distribution network availability, grid reliability, and compliance with the applicable Acts, policies, regulations, and the provisions of this SOP.

6. ISSUANCE OF POWER CLEARANCE

- i. The Power Clearance is one of the prerequisites, a sectoral clearance for obtaining a license from the Department of Industry (DoI) to set up an industry by a Proponent.
- ii. A proponent seeking the Power Clearance shall submit the application electronically through Integrated Business Licensing System ((IBLS):- <https://ibls.systems.gov.bt>) to the Department of Energy (DoE), together with all information and supporting documents prescribed under this SOP.
- iii. A Power Clearance issued by the DoE shall be valid for a period of one (1) year from the date of its issuance, or till the validity of Provisional Letter of Interest (PLoI)/Letter of Interest (LoI) issued by the DoI, MoICE, or the issuance of Power Sanction, whichever is earlier.
- iv. A Power Clearance shall be contingent on the Terms and Conditions in the Power Clearance specified in the undertaking. Failure to comply with such terms and conditions will result in the suspension, withdrawal, or cancellation of the Power Clearance, as determined by the DoE.

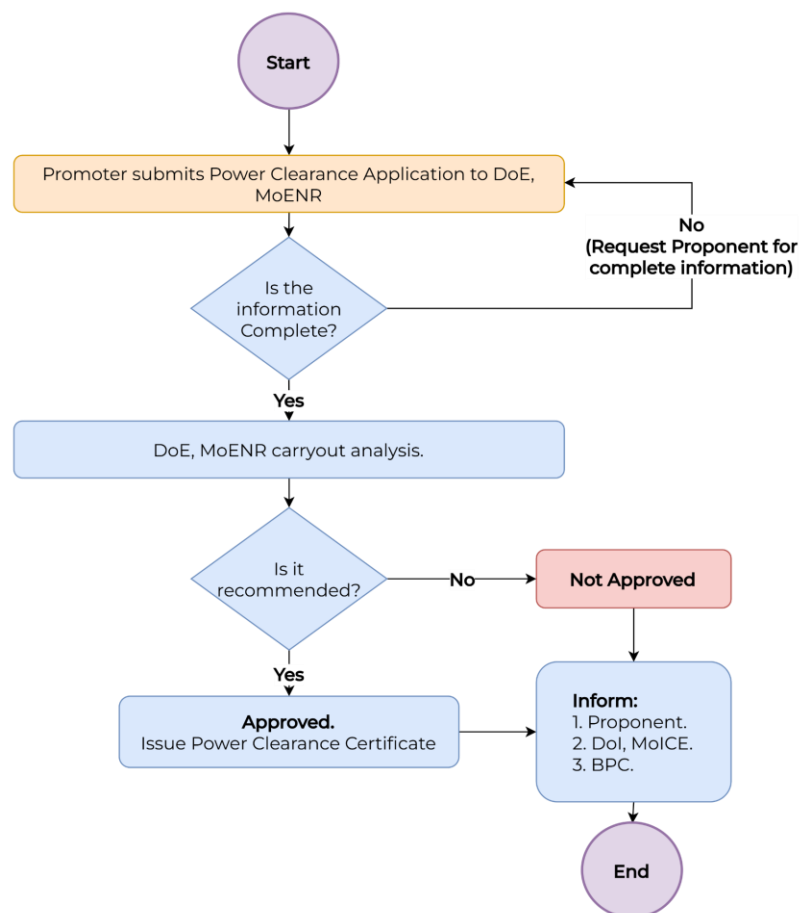
6.1 Application Type

There are three types of applications envisaged for a Power Clearance and submission of the Power Clearance application is required for all the applications.

i. New Application:

Applicable when setting up of new industry wherein Power Clearance is required to obtain the industry/business license.

The following process (Flowchart 1) will be followed for this type of application:



Flowchart 1: Process for Power Clearance issuance for New Applications

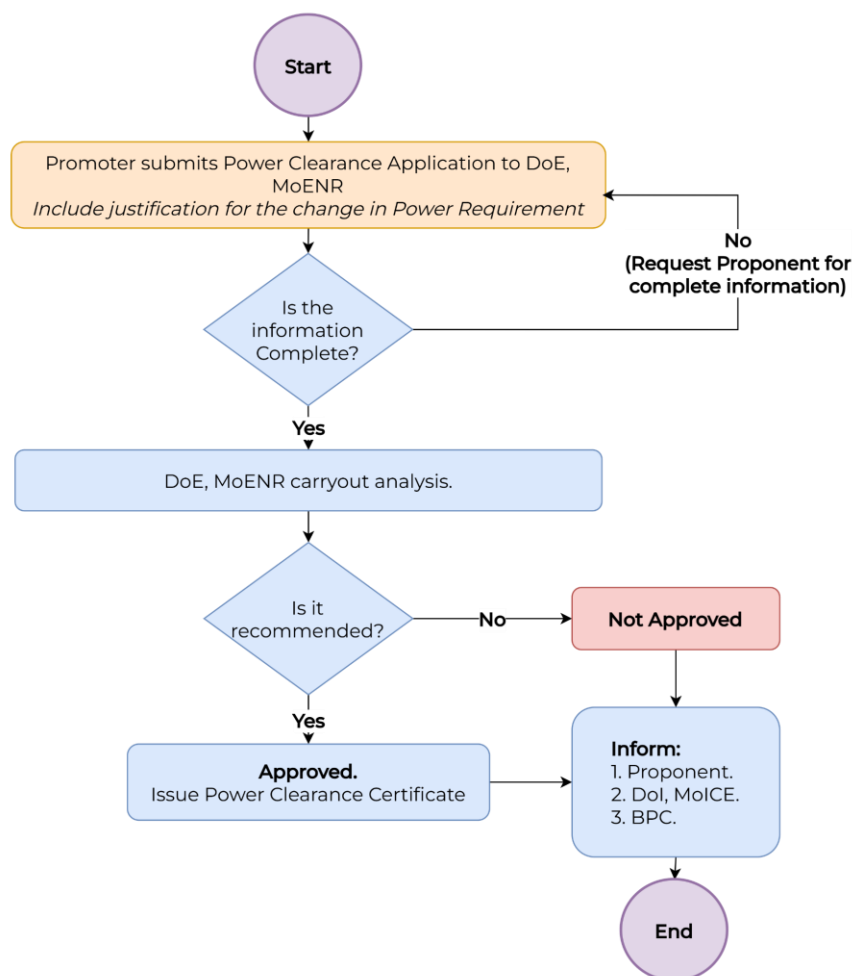
ii. Renewal

Application for renewal of a Power Clearance shall be submitted through IBLS before the expiry of the existing Power Clearance. Failure to submit the renewal application before the expiry date shall result in cancellation of the Power Clearance. If any change is proposed at the time of renewal, the application shall be treated as a new application. A Power Clearance shall be eligible for one-time(1) renewal only, for a maximum period of one year.

iii. Additional Power Requirement

Applicable for requirement of additional power for an existing industry. This is required for an existing industry planning to expand/augment the existing industrial capacity.

The following process (Flowchart 2) will be followed for this type of application:



Flowchart 2: Process for Power Clearance issuance for Additional Power Requirement

6.2 Assessment Criteria

The issuance of the Power Clearance shall be based on the following criteria:

i. Power Supply and Infrastructure

During the assessment, due consideration will be given on the availability of the power supply and viability of infrastructure expansion to cater to the power demand.

ii. Promotion of Energy Efficient Equipment

Promotion of energy efficient machines/equipment will be considered during the assessment of the proposal to ensure that strategic hydropower resources are utilized efficiently as well as ensuring that industries reduce energy intensity to the extent possible.

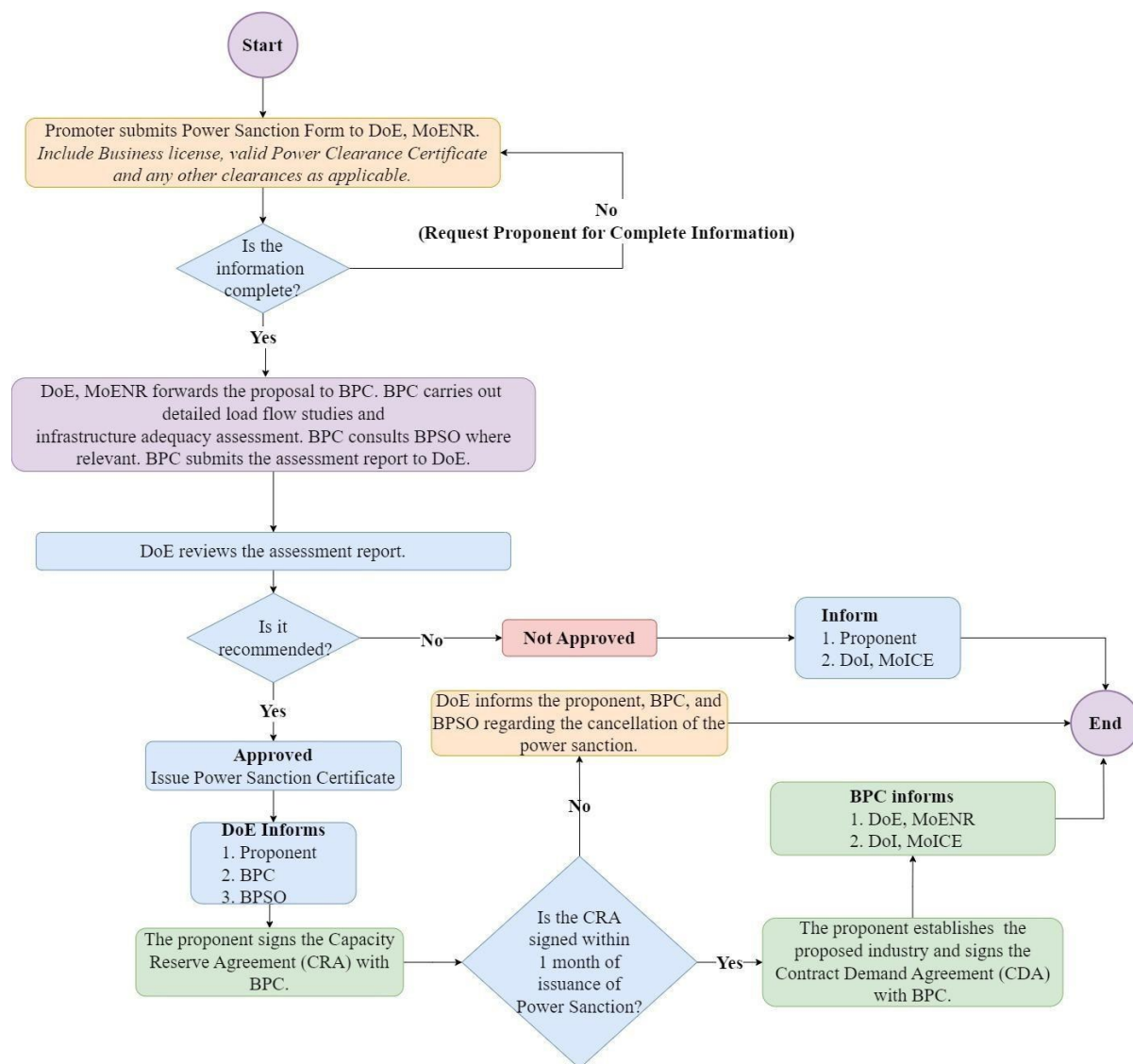
iii. National Significance

The strategic nature of the proposed industry/ proposed expansion will be assessed as per the policies and strategies of the Royal Government as per the directives issued by the Ministry.

7. ISSUANCE OF POWER SANCTION

After the Proponent receives the License from the Department of Industry, the Proponent may request for Power Sanction from DoE. Power Clearance does not guarantee the supply of power, however, Power Sanction shall be the basis for providing power supply facilities for an industry.

The Proponent shall submit the application to DoE for issuance of the Power Sanction. Upon issuance of the Power Sanction, BPC will be informed to sign the Capacity Reserve Agreement (CRA) with the Proponent within a month. If the Proponent fails to sign the CRA within a month for any valid reasons, the proponent may apply for renewal with adequate justification before its expiry date. Failure to renew the power sanction shall result in cancellation of the Power Sanction and any request for power allocation shall be treated as new application for power clearance, which shall be subject to review as per the SoP.



Flowchart 3: Process for Power Sanction Issuance

The Power Sanction shall be contingent on the Terms and Conditions in the Power Sanction Form.

8. ADOPTION AND REVIEW

- a. The revised SOP shall come into effect from 14th August 2026 and shall supersede the previous SOP(s). However, the Power Clearances and Power Sanctions issued prior to this date shall not be affected.
- b. The SOP will be reviewed and amended, as deemed necessary by DoE.

9. GLOSSARY

- i. **Capacity Reserved Agreement** – Agreement between BPC and the proponent wherein, a mutually agreed date on which BPC shall commence the supply of electricity and the proponent shall be obliged to draw electricity is determined.
- ii. **Customer** – shall mean any person or any entity supplied with electrical energy by BPC either as owner or occupier and whose premises are for the time being connected to the BPC's system and also includes a person or an entity whose supply has been disconnected for the time being.
- iii. **High Voltage (HV)**– Voltage level of 66kV and above.
- iv. **Industry(ies)** – Production & Manufacturing and Service Industries
- v. **License** – Industry License.
- vi. **Medium Voltage (MV)**– Voltage level of 6.6kV, 11 kV and 33kV.
- vii. **Ministry** – Ministry of Energy and Natural Resources.
- viii. **Proponent** – Applicant who wishes to set up an industry or expand an existing industry.

POWER CLEARANCE (NEW AND ADDITIONAL POWER REQUIREMENT APPLICATION): TERMS AND CONDITIONS IN UNDERTAKING

1. I hereby agree that if the electricity is used for any other purpose other than that for which supply is requested for, it shall be considered as an offense and if I, the Proponent is found to be indulging in activities other than the prescribed, shall be liable for penalties as per the prevailing laws of the Kingdom of Bhutan.
2. I undertake to uphold all the laws of the Kingdom of Bhutan and observe all internationally accepted norms, codes and ethics of business.
3. I understand that the issuance of Power Clearance does not guarantee the supply of power.
4. I hereby agree to inform the RGoB of any major change in the power requirement or usage including any need for additional power, for issuance of new Power Clearance.
5. I hereby agree that all the provisions to draw power from BPC's nearby infrastructure shall be arranged by the Proponent.
6. I hereby agree to allow BPC to supply power to other customers from the lines/substation so built by the Proponent, if BPC requires in the future.
7. The cost of import of electricity during the deficit period shall be allocated to HV industries as per the National Energy Policy 2025 or its amendments thereof.
8. The merit of power supply and load shedding if required, shall be as per the order specified in the National Energy Policy 2025
9. I hereby agree to submit the quarterly reports on the progress of the establishment to the DoE after the signing of CRA with the BPC.
10. I hereby agree to allow periodic inspection including energy auditing of the Industry during operation period.
11. I hereby agree to undertake power demand scheduling 24 hours ahead in 96 blocks (15 minutes time block) as per the format to be provided by BPC and any deviations from the forecast schedule shall be dealt as per the BPC Service Rules.
12. I hereby agree to adhere to Grid Discipline Mechanism Regulation 2024/Grid Code/Distribution code prevalent.
13. I hereby certify that the information furnished herewith are true to the best of my knowledge. In the event of detection of false or misleading information, I confer herewith the Ministry of Energy and Natural Resources to take any action deemed appropriate including cancellation of the Power Clearance/ License as appropriate



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DEPARTMENT OF ENERGY
MINISTRY OF ENERGY AND NATURAL RESOURCES
THIMPHU: BHUTAN

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FORM 3: POWER SANCTION APPLICATION FORM FOR INDUSTRY

(Mandatory to fill all information)

1. Date of Application: _____
2. Name of Proponent: _____
3. CID No. of Proponent: _____
4. Business License Number (*attach copy*): _____
5. Contact detail: Mobile No: _____ Email: _____
6. Industry Name: _____
7. Location: _____
8. Type of Industry: _____
9. Raw Materials: _____

10. Final Product/Activity: _____

11. Date of Power Requirement (*Day-Month-Year*): _____
11. Total Power Requirement (in MVA): _____
12. Is power required in phase-wise manner: (*Please tick*)
Yes: ☐ No: ☐
13. If yes in Sl. No. 12: (*add more if required*)

<u>Month-Year</u>	<u>Power Requirement (MVA)</u>
Month - Year 1	_____
Month - Year 2	_____
Month - Year 3	_____

Undertaking of the Proponent

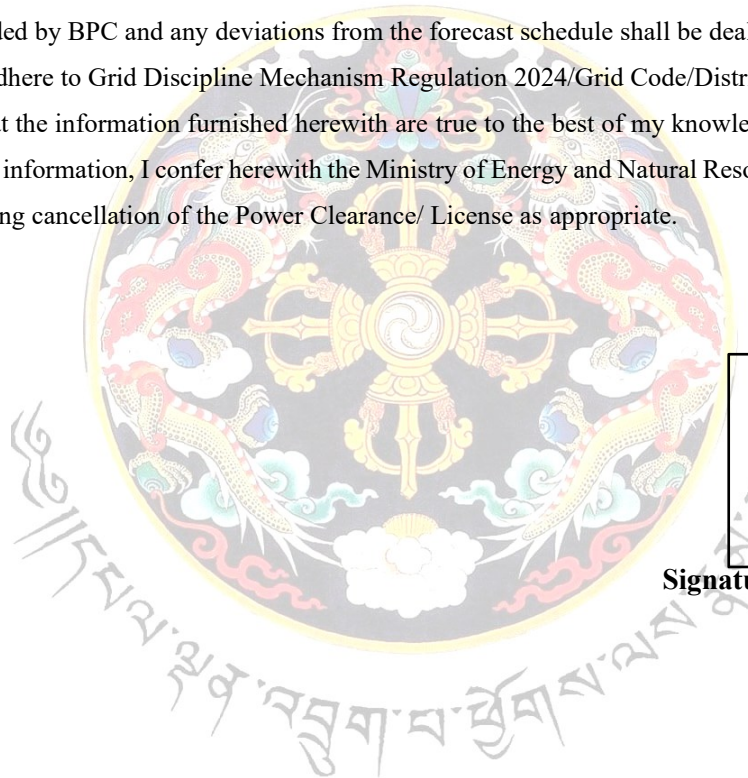
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4. I hereby agree to allow BPC to supply power to other customers from the lines/substation so built by the Proponent, if BPC requires in the future.
5. For MV/HV connection, the Proponent may sign a Capacity Reserve Agreement (CRA) with the BPC and failure to do so within one (1) month from the date of issuance of this Power Sanction shall result in the expiry of the aforesaid Power Sanction and its corresponding Power Clearance.



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DEPARTMENT OF ENERGY
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Affix Legal
Stamp

Signature of the Proponent