Nam Theun 2 Hydro-Electric Power Project: “How to leverage the private financial resources for transboundary water infrastructures through PPP?”

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Technical Hydro-Electric Features

- Reservoir area of 489 km² at full supply level
- Water from reservoir drops 350 m
- Installed capacity (1088MW)
  - 1000MW for Thailand
  - 80MW for Laos
How to Leverage Private Financing for NT2HPP

Inherent Infrastructure Versus Commercial Project

- 1927: Invented by French Indochina, *installations ind.*, failed
- 1980s: Electricity-infrastructure, failed
- 1994: MOU for purely commercial development, stalled
- 1997: Hydropower (Water & Electricity), IFIs led by WB agreed to partner/pair conditions with
  - For Host State (Public)
    - be imbedded in the national poverty eradication program
    - ensure transboundary (E&S) safeguards
    - gain support from river basin communities through MRC(RBO)
  - For Investors (private)
    - enforce investment-friendly legislation – state’s undertaking to redress change-in law, sovereign events, frustrations(Force Majeure), remedies upon breach, neutral dispute settlement
    - guarantee satisfactory ROI for investors and DSCR for commercial lenders
  - For Home State (commercial & public partners)
    - set tariffs affordable by the System-Avoided Cost in Thailand although water is not sellable
- 2005: Financial close and construction started
- 2010: Commercial operation started
Achievements in PPP Aspects

- Host state (Public) realized public-sector reform programs i.e. deregulation, decentralization, devolution
- Host state (Public) made NT2 versatile
  - A platform for private parties to work with governments
  - An example for other IPPs in Laos
- Host state (Public) improved public adjustment mechanism to provide NT2 with bankable financial returns for private parties
- Public/Private delivered social & financial benefits for stakeholders in the host and home states
- Public/Private commercialized water-based infrastructure
  - Commercial revenues earned from the electricity sale also quantified as if having been from public goods-like elements i.e. water, physical infrastructures
  - Financial profits derived from commercial undertakings to outweigh all direct and indirect costs
Achievements in Transboundary aspects

• Staking ownership & responsibilities
  • Physical assets shared by Host-Investors
  • E&S responsibilities shared amongst Host-Home-Investors
  • Outcomes shared amongst Host-Home-Investors

• Partaking in transboundary spillover benefits (Mekong River)
  • Help reduce overflow in wet seasons
  • Add inflow in dry seasons

• Transforming NT2-bilateral facilities into regional cooperation

• Sharing a vision to regard NT2 as
  • Trans-jurisdictional undertaking
  • Transcendent hydro-based project
  • Transparent (LES – legally, environmentally, socially) project
Thank you very much for your attention