

# Nam Theun 2 Hydroelectric Project

8 September 2014



## Cross-Border Project

Project is part of 7,000 MW electricity export program between Laos and Thailand.

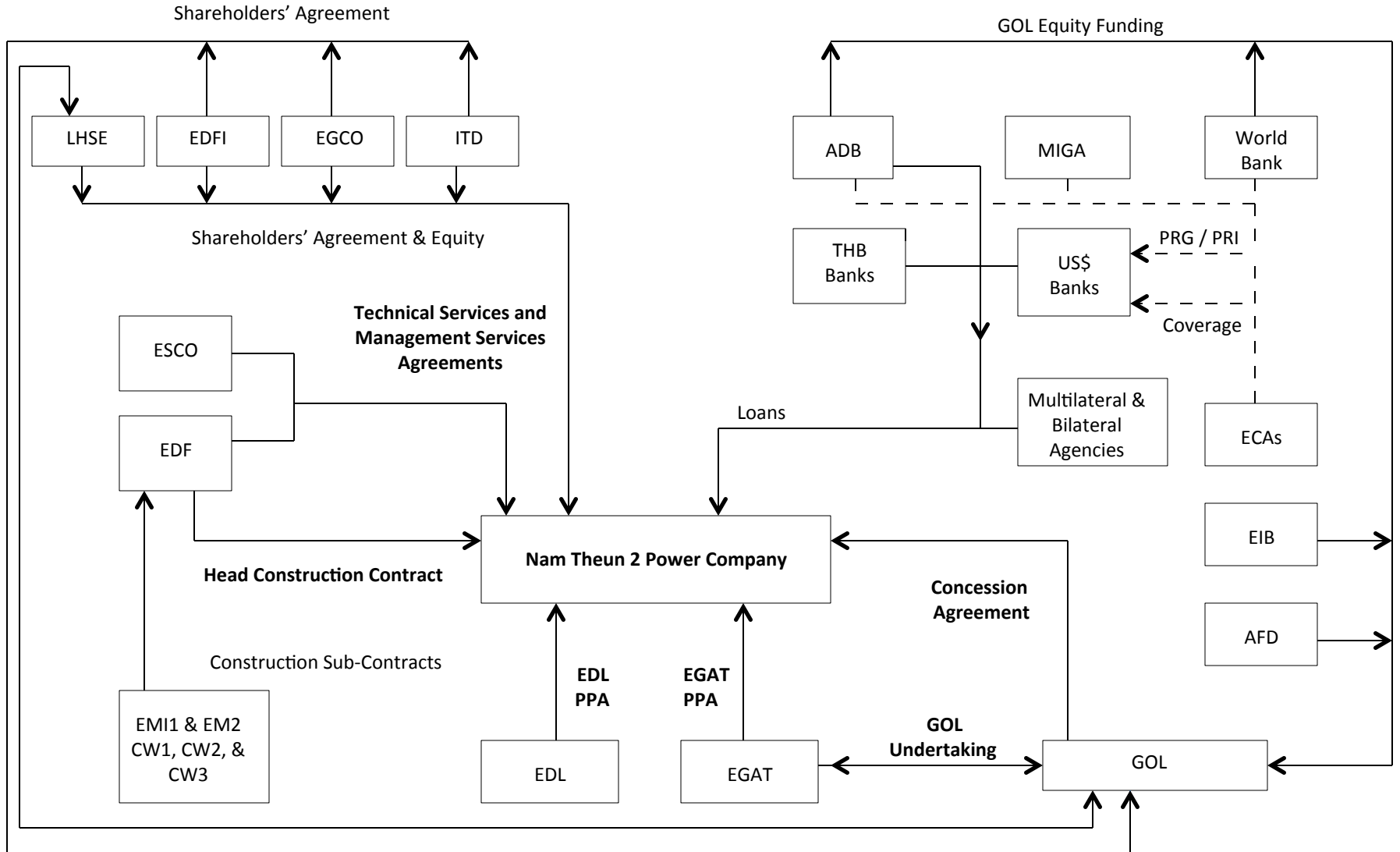
- 95% of electricity sold to Thailand
- remainder will provide over 20% of Lao domestic electricity needs.

## Largest foreign investment in Lao PDR

- 1,070 MW power plant and associated facilities
- 130 km long 500 kV transmission line to the Thai grid
- 70 km long 115 kV transmission line to Lao grid
- Investment cost: >\$1.25 billion
- Foreign Investors: French, Thai



# Nam Theun 2 Contractual Structure



# Contributing to Poverty Reduction in Laos

## Major revenue to GOL during project operation

- Royalties, taxes and dividends at more than \$2 billion over the 25-year concession period.
- Revenues to be used for poverty reduction by the government within a revenue management scheme
- Project transferred to the Lao government after 25 years of operation by NTPC at no cost.

# Contributing to Poverty Reduction in Laos

## Direct benefits for local people

### Social Infrastructure assets > \$100 mm

- 270 km of roads
- Transmission lines (29kms)
- substation (75MW)
- School buildings
- Health care centers
- Market buildings
- Rice Mills
- Public Water Supply Works



# Contributing to Poverty Reduction in Laos

## Benefits for Laos

- Increased supply of electricity in Laos
- Strengthened policy, staff and institutions within the Lao government.
- Increased foreign direct investments in Lao PDR

# Contributing to Sustainable Growth in Thailand

- Leads to Energy Security
- Part of Climate Change Mitigation
- Improves air quality

# Lessons Learned from NT2

- Engage Gov't & stakeholders early in the project development process.
- Obtain Gov't, sponsor and project company commitment to E&S and Safeguards standards.
- Align interest of various parties as a risk mitigant.
- Allocate risk appropriately