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Niwat Adirek
Electricity Generating Public Company Limited (EGCO)
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By email

Dear Mr. Wong and Mr. Adirek,

International Rivers is a non-governmental organization that works globally to protect rivers and rights and promote real solutions for meeting water, energy and flood management needs. We have been monitoring hydropower developments in Lao PDR for nearly a decade, and are writing to express concerns about Gamuda's and EGCO's proposed Nam Theun 1 hydropower project.

At the recent "High-Level Forum on Lao-Thai Partnership in Sustainable Hydropower Development," the Thai and Lao governments affirmed their commitment to ensure that joint hydropower projects are socially and environmentally sound. The governments also acknowledged the importance of the national environmental legal frameworks that govern hydropower development, such as the National Policy on Environmental and Social Sustainability of the Hydropower Sector in Lao PDR.

According to the Joint Communiqué issued at the High-Level Forum, project developers and sponsors are required to "respect environmental standards and norms specified in the relevant legal and regulatory instruments of Lao PDR and Thailand." Furthermore, "[t]he developers and sponsors of projects will commission studies in a timely manner to assess environmental and social impacts, and design of mitigation measures, and also provide adequate information and consult with local communities on the project's benefits, impacts and risks. The developers/sponsors of a project will integrate the mitigation measures in the overall design, include in the financing plan, and specify obligations in the relevant contractual documents."

In keeping with those commitments, we hope that you will consider and respond to the following questions and concerns regarding the proposed Nam Theun 1 hydropower project. In particular, we are concerned about the negative impacts Nam Theun 1 would have on biodiversity and fisheries in the Theun basin, and the project's questionable economic viability.

Biodiversity

Nam Theun 1 is being constructed in the middle of the Nam Kading National Protected Area, one of the most remote and biodiversity-rich protected areas in the region. The World Bank's Global Environment Facility (GEF) and the Wildlife Conservation Society (WCS) are supporting an ecosystem and wildlife management project in the Nam Kading Protected Area, in

cooperation with the Government of Lao PDR, which is threatened by Nam Theun 1.[1] Nam Theun 1's reservoir would destroy large swathes of riverine and terrestrial wildlife habitat, effectively dividing the protected area in two.

Roads for Nam Theun 1, and eventually the Nam Theun 1 reservoir itself, would dramatically increase access to the Nam Kading Protected Area. Some roads have reportedly already been constructed into the national park, even before the environmental impact assessment (EIA) has been approved or permits given.

Hunting pressures are likely to increase dramatically during Nam Theun 1's construction phase as thousands of workers move into the area. Reports of elephant deaths – poached for ivory and other parts - have already emerged. The 150-kilometer Nam Theun 1 transmission line would also reportedly traverse Ban Na, home to one of the largest wild elephant herds in Laos.

- ***Are the EIAs, environmental management plans, and resettlement plans for Nam Theun 1, the access road, and the transmission line available, as required by the National Hydropower Policy? If so, how may we obtain copies of these documents?***

- ***Have all parties affected by access road construction for Nam Theun 1 been compensated? How have the environmental impacts been managed during road construction? What reports document these processes?***

Fisheries and Water Quality

Communities downstream of Nam Theun 1 would be most severely affected by the cumulative impacts and water diversions of Nam Theun 2, Theun-Hinboun, Nam Theun 1, and the proposed Theun Hinboun Expansion projects. These people can expect major decreases in water flows and the predictability of these flows, water quality problems, and fisheries losses. Fish migrations from the Mekong to the upper Nam Kading and its tributaries would be blocked, and significant reductions in fish biodiversity can be anticipated. Nam Theun 1 would also decimate critical community-based fish conservation zones in the area.

- ***Has an assessment of fisheries' impacts been conducted for Nam Theun 1? If so, how may we obtain a copy of this assessment?***

- ***What engineering measures – such as variable level intakes, aeration weirs, and regulating ponds - have been incorporated into Nam Theun 1's design to mitigate water quality problems downstream of the reservoir?***

- ***What mitigation measures are planned to prevent or minimize greenhouse gas emissions from and methyl mercury contamination in the Nam Theun 1 reservoir? What plans are there to monitor greenhouse gas emissions (particularly carbon dioxide and methane) from the reservoir, as well as methyl mercury bioaccumulation in the aquatic food chain?***

[1] For more information:
http://www.wcs.org/international/Asia/laos/laossitebasedconservation/bolikhamxay?preview=&psid=&ph=cla...525252525253dawc-148772

- ***What baseline studies have been completed and what consultations have been conducted with communities living downstream of the dam along the Nam Kading? What plans have been developed to compensate communities for the project's impacts?***

Economic Viability

According to the Lahmeyer/Maunsell 2004 Power Development Strategy for Laos: "Nam Theun 1 was screened [out] because the weighted average cost of generation of 5.68 ¢/kWh is above the cut-off value. The development of the Theun Hinboun Expansion proposals will further increase this figure by diverting more water from the Nam Theun basin upstream of the project" (Page 113). "Similarly, increased diversion to the Hinboun by an expanded Theun Hinboun (including a storage on the Nam Gnouang) reduces generation flows at Nam Theun 1 and further detracts from its economic performance" (page 124).

Hydropower projects upstream, such as Theun-Hinboun and Nam Theun 2, have reduced the water available for power generation at Nam Theun 1. Furthermore, developers of the Theun Hinboun Expansion Project, which includes a storage reservoir on the Nam Gnouang, are currently negotiating a Concession Agreement with Lao government. These developments call into question the economic viability of Nam Theun 1, as predicted by the Power Development Strategy for Laos, and indicate that the project is a high-risk investment.

- ***How may we obtain a copy of Nam Theun 1's economic analysis?***

- ***How have Nam Theun 1's significant environmental and social costs been incorporated into this economic analysis?***

- ***Is the viability of Nam Theun 1 dependent on the construction of another dam upstream to divert additional water flows to its power station?***

Project sponsors have an obligation to ensure that hydropower projects in Lao PDR are developed in a socially and environmentally sustainable manner, providing for transparency and participation in the process as required by the National Hydropower Policy. We look forward to learning more about how Nam Theun 1's developers are meeting these obligations and addressing the concerns outlined here.

Sincerely,

Shannon Lawrence
Lao Program Director
International Rivers

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