

GREATER MEKONG POWER NETWORK DEVELOPMENT PROJECT

Date of approval: 28th March 2005

Project site: Central Region of Laos

Project outline: One of the issues to which the Government of the Lao PDR has given priority, is to increase the household electrification rate up to a level of 90 percent by 2020.

At present, power generation in the Lao PDR consists of four mutually-independent power transmission systems. In the north-central power system, whose primary user is Vientiane capital, electricity is produced at the ODA-financed Nam Ngum and Nam Leuk dams, with surplus power sold to neighboring country, Thailand. On the other hand, in the south-central system, where the Mekong East-West Economic Corridor is located, there are no generation facilities. Electricity is imported from Northeastern Thailand in order to meet domestic power demand. The cost of imported electricity from Thailand, however, has surpassed the revenue Laos gains from exporting power to its neighboring country, making the allocation vulnerable to market fluctuations. As a consequence, the development of transmission lines providing links to Laos' north-central region is urgently required, to cut back on foreign currency expenditures and to realize a stable power supply in the south-central region, as well as to upgrade electrification rates in the Lao PDR.

The purpose of the Project is to meet increasing power demand in the south-central region, including the East-West Economic Corridor, by constructing and enhancing 115kV-transmission lines and substations in the 300 kilometer-section between Pakxan, on the outskirts of Vientiane capital in north-central Laos, and Savannakhet in the south-central part of the country, thereby contributing to the upgrading of electrification rates, industrial development and poverty reduction.