

All Arakan Students' and Youths' Congress (Burma) — All Burma Federation of Student Unions (Burma) — Assembly of the Poor (Thailand) — Community Network on River Basin Management in Mae Hong Son (Thailand) — Community University (Thailand) — Earthrights International (Southeast Asia) — E-Desk Images Asia (Thailand) — Environmental Defense (US) — Ethnic Community Development Forum (Burma) — Fisheries Action Coalition Team (Cambodia) — FIVAS (Norway) — Friends of the People (Thailand) — Green Watershed (China) — Institute of Ecological Economy (Vietnam) — Institute of Ecology and Biological Resources (Vietnam) — International Rivers Network (US) — Karenni Nationalities Education And Social Development Organization (Burma) — Karenni Nationalities People Liberation Front (Burma) — KESAN (Burma) — Lahu National Development Organization (Burma) — Network for Democracy and Development (Burma) — NGO Forum on Cambodia — Palang Thai (Thailand) — Project for River and Community (Thailand) — Se San Protection Network (Cambodia) — Shan Environmental Action Link (Burma) — Southeast Asia Rivers Network (Thailand) — The Forum for Democracy in Burma — Vietnam Union of Science and Technology Associations — Wildlife Fund Thailand

January 10, 2006

Mr. Rajat Nag
Director General, Mekong Department
Mekong Department
Asian Development Bank

By email and US mail

Dear Mr. Nag

Call for Comprehensive Energy Options Assessment for the Greater Mekong Subregion

We are writing regarding the ADB's proposed Regional Technical Assistance for Developing the GMS Energy Sector Strategy. One of our main concerns surrounding energy planning in the GMS is that there has never been a comprehensive and participatory assessment of the region's energy needs - and the best options for meeting these needs - in line with World Commission on Dams' recommendations.

The ADB's E-Paper on Dams and Development acknowledges that "Investing more time up front in deciding on policy initiatives, determining investment strategies and selecting appropriate project interventions can yield significant benefits in reducing social and environmental costs later in the project cycle."¹ The ADB has an opportunity now to put this commendable principle into practice. We note that the recently approved "Developing the GMS Energy Sector Strategy" objectives include development of a "regional least cost energy plan for 2006-2020". We are writing to urge the ADB to work with regional governments, donors and

¹ <http://www.adb.org/water/topics/dams/dams0225.asp>

civil society to establish a multi-stakeholder process for undertaking a comprehensive energy options assessment for the GMS instead of a traditional least cost energy plan.

Past Energy Planning for the GMS

One of the problems with energy planning in the past has been the overestimation of future demand projections, leading to energy surpluses and wasted investments in new capacity. Last year, Thailand's National Economic and Social Advisory Council, a government advisory body, examined demand projections by EGAT over the past 10 years. They found that in EGAT's past 11 forecasts, 10 had overestimated future demand, sometimes by as much as 40%. In 2003, Prime Minister Thaksin Shinawatra estimated that accumulated unnecessary investment in the Thai power sector totaled US\$10 billion.

The Council prepared an Alternative Power Development Plan for Thailand in 2004. In it they show how several erroneous assumptions made by EGAT in its 2004 Power Development Plan have resulted in an overestimation of power demand growth by 6,000 MW for the coming 13 years. Yet successive ADB studies have taken EGAT's figures at face value and failed to undertake any separate, transparent analysis of demand projections.

Furthermore, successive ADB studies have failed to analyze the region's potential for decentralized energy, energy efficiency and demand side management, and renewable energy options. Thailand and Vietnam currently use energy very inefficiently. In 2003, Thailand used almost three times more energy per dollar of gross domestic product than Japan, and about 40% more than the US, according to the US Department of Energy. Vietnam's energy efficiency ratio is even worse. In 2003, Vietnam used five times more energy per dollar of GDP than Japan, and almost three times more than the US. Clearly, Vietnam and Thailand have significant potential for demand side management and efficiency measures that should be investigated as part of a comprehensive options assessment process.

In addition, Thailand's Alternative Power Development Plan shows that much of Thailand's new supply can be met with lower cost, lower impact and lower-risk resources. These include renewable energy (biomass, solar, wind, small hydropower under 10 MW), cogeneration (combined production of heat and electricity) and optimizing the efficiency of existing plants (repowering). Existing studies show the potential for these options in Thailand to be 23,000 MW. In a comprehensive options assessment process, the potential for these technologies in all GMS countries could be analyzed and discussed in an open and independent forum.

The needs and options assessment process

The WCD recommendations provide a framework for how a comprehensive needs and options assessment could be undertaken in the GMS. The first step would be to undertake a critical and comprehensive analysis of demand projections for Thailand and Vietnam, the two major energy consumers in the region. The demand projections would be discussed in an open public forum with opportunity for public comment and input.

After coming up with a realistic demand growth scenario for the region, the next step would be to look at all available options for meeting the region's energy needs. As is increasingly the norm in other parts of the world, increasing the efficiency of energy use and production should be investigated before looking at new supply options.

The next step would be to analyze where decentralized renewable energy options would be more practical and economic for meeting local needs than a major investment in expanding the grid. Since the power grid has not been fully developed in Vietnam, Laos, Burma and Cambodia, there is huge unexploited potential for decentralized energy in these countries. There is also significant potential for on-grid renewable energy technologies in all the GMS countries.

A final stage in the options assessment process would be to weigh up the different options, taking into account social, environmental and economic factors. Strategic impact assessments would be conducted for all options presented. Potential options would be screened and ranked on the basis of a multi-criteria analysis taking into consideration social, economic and environmental impacts. Those alternatives that have unacceptable social and environmental impacts would be screened out at this stage. The WCD recommends that such a multi-criteria analysis be discussed in a stakeholder forum comprised of representatives from different interest groups.

The result of the multi-criteria analysis would be made available in local languages in the region, and another stakeholder forum or forums convened to decide which options should proceed to the full investigation stage. Public hearings would be organized to provide input into the multi-stakeholder forum/s. Once specific options are chosen, then strategic impact assessments would need to be carried out for each one.

Such an options assessment process would lead to an energy development plan for the region that meets the WCD's core values of equity, efficiency, participatory decision-making, sustainability and accountability. If done in accordance with WCD principles, the process would identify the best energy options for the region and decrease the potential for future conflicts over energy development. A comprehensive options assessment process for the GMS should be undertaken before investments are made in a regional power grid that may not be the most efficient and sustainable method of meeting the region's energy needs.

The ADB should use some of the funds currently earmarked for the Developing the GMS Energy Sector Strategy TA to convene a multi-stakeholder consultative group to oversee and implement the regional needs and options assessment process. The consultative group should be composed of regional governments, donors and civil society and should develop the terms of reference and an agreed-upon process for a multi-stakeholder regional energy needs and options assessment process.

The ADB has an opportunity now to make a real difference in planning for the Mekong region's energy needs: choices made today will influence future energy prices plus the health of the Mekong river ecosystem and its 65 million inhabitants. We hope you will consider this proposal seriously and we look forward to further discussions with you.

Sincerely yours,

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Cc Mr. Bindu Lohani, Director General and Chief Compliance Officer, RSSD
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 Mr. Goran Haag, SIDA
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 Mr. Laurent Demey, Ms. Laurence Breton, Mr. Alexis Bonnel and Ms. Geraldine
 Baudienville, AFD
 Mr. Zhi Liu and Mr. Morten Larsen, The World Bank

On behalf of:

BURMA

Aung Marm Oo
 All Arakan Students' and Youths' Congress

Kyaw Kyaw Thein
 All Burma Federation of Student Unions
 (Foreign Affairs Committee)

Sai Khur Hseng
 Ethnic Community Development Forum

Naing Aung
 The Forum for Democracy in Burma (FDB)

Hsarpiko
 Karenni Nationalities Education And Social
 Development Organization

Hsarpiko
 Karenni Nationalities People Libration Front

Paul Sein Twa
 KESAN

Lahu National Development Organization

Khin Ohmar
 Network for Democracy and Development

CAMBODIA

Mak Sithirith
 Fisheries Action Coalition Team

Chhith Sam Ath
 NGO Forum on Cambodia

Kim Sangha
 Se San Protection Network

CHINA

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 Green Watershed

NORWAY

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