



Leverage International



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Opportunity of Investment in Laos' Energy Sector

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Energy Background



- Population is 6.7 millions surrounded with densely populated neighbors
- A hinterland with insufficient energy of many types
- Fuel oil is imported
- Electricity is exported



Energy in the Lao Context

- Electricity generation sources have been found, but not all are potential
- Oil and gas has been explored, but what has been found is not financially feasible
- Electricity generated from wind, solar, and other renewable sources piloted
- Coal is at a nascent stage
- Hydropower remains the mainstay of electricity generation thanks to good precipitation



Current Status of Energy

- Installed capacity 6,700 megawatts
- Projects under construction 5,800 megawatts
- Project under study 5-6,000 megawatts
- Electrification ratio 94% as of June 2017
- Domestic consumption 1,200 megawatts
- Export planned/committed:
 - Thailand 9,000 megawatts by 2025
 - Vietnam 5,000 megawatts by 2025
 - Cambodia 200 megawatts by 2020
 - Malaysia 100 megawatts
 - Myanmar 300 megawatts (under discussion)



Reform Programs

- Three-staged organizational change to support private participation
 - Deregulation
 - Decentralization
 - Devolution
- To improve institutional arrangement and legal framework aiming at attracting investment
- To solicit diverse participation in developing the power sector



Development Process

- A power development plan (PDP) established for certain time horizon
- Selection of lead developers to undertake studies
- Granting concessions to project companies
- Project companies to form shareholding composition (shareholders/investors)
- Project companies to undertake solicited bids to engage participants




Diverse Participation

- Limited recourse financing have been introduced mostly in power generation
- Private investment infrastructure attempted
- Participants
 - Investors
 - Financiers
 - Suppliers
 - Contractors
- International financial institutions and NGOs



Opportunity in Planned Projects

- Investors may participate through
 - Primary shares in new projects as already planned
 - Secondary shares in share market of EdL-Gen
 - Restructuring
- Other participants through bidding to be announced from time to time
- No more direct negotiation for developing new projects



*Thank you very much
for your attention*