

**Notes from Brunei-1 Breakout group discussion during 1<sup>st</sup> High-level Lao-Thai Hydropower Forum.**

<b>Issues / questions</b>	<b>Next steps (for time period up to next Forum)</b>
<ol style="list-style-type: none"> <li>1. Some environmental and social (cultural) losses are inevitable – how can we distinguish changes due to hydro development vs general social changes underway to ethnic people and others?</li> <li>2. Agreement that E&amp;S costs should be internalized (every developer wants to act responsibly) and passed to the end user, but differences of opinion over how successful this has been to date and what is “reasonable”.</li> <li>3. How should costs be shared between gov and private sector – direct / indirect costs, sovereign rights (easier for developer to fund than implement, resettler income commitments outside power of developer), uncertainty over future costs (how long should developer’s liability last?)</li> <li>4. Can transaction costs be brought down? – consistency of expectations amongst partners and reduced complexity of oversight thought to be key.</li> <li>5. Whose standards should be used?</li> <li>6. Downstream impacts are often not considered – particularly transboundary effects (Se San example, although this is not Lao) – need to consider whole area of project footprint – NT2 is good example.</li> <li>7. Smaller projects have difficulty following NT2 – at wrong end of economy of scale for conducting studies, hiring specialists, etc. NT2 example is a set of principles, but application needs to be tailored to other projects, and this will take some time.</li> <li>8. Legal agreements need to be flexible to reflect changes over</li> </ol>	<ol style="list-style-type: none"> <li>1. Bring two sides together to discuss CDM mechanisms between 2 countries and how to deal with large hydro – division of benefits would need to consider whether E&amp;S costs are passed on in tariff rates.</li> <li>2. Comparison of standards in different projects – make information easily available on who is doing what and where approaches vary.</li> <li>3. Study on economies of scale of E&amp;S standards, and general estimates of costs to improve consistency of expectations.</li> </ol>

<p>time – economic, energy use, water resource availability (and variances in E&amp;S costs).</p> <p>9. Make more use of Carbon Finance, to cover part of costs – need to work out how to apply this to large hydro.</p> <p>10. Can the concession process be made more competitive in terms of E&amp;S safeguards performance? Would separation of feasibility study ahead of contracting implementation help?</p>	
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