

**International Rivers Comments on the Thuong Kon Tum Hydropower Project (Vietnam)
to Project Validator, TÜV NORD CERT GmbH (Former RWTÜV Systems GmbH)**

2 June 2011

We request that the Thuong Kon Tum Hydropower Project not be validated and allowed to apply for CDM credits, because it is not an additional project, carries adverse environmental and social impacts, is unlikely to offset carbon emissions and has a record of poor planning, which makes it a risky venture.

1) Weak claims of additionality

While the PDD sites the April 2009 signing of a CDM consultancy contract for the Thuong Kon Tum Hydropower Project as evidence that the project considered CDM assistance during the dam's early stages, this additionality argument is weak as it fails to explain that this dam has in fact been on the table for many decades. The Thuong Kon Tum project is a part of a cascade of seven large dams, which are currently in operation or under construction, and which have been built without CDM assistance. The other hydropower projects in this cascade include the Yali Falls, Sesan 3, Sesan 3A, Sesan 4, Sesan 4a, and Pleikrong dams.

A pre-feasibility study for the Thuong Kon Tum Hydropower Project was first carried out by PIDC1 and SWECO in 1993. The dam was then identified and studied as part of the ADB funded *Se Kong, Se San and Nam Theun (SKSSNT) River Basin Hydropower study*, which was conducted by consultant company Halcrow and published in 1998. Despite identifying severe hydrological impacts associated with the project, the Thuong Kon Tum Dam was recommended for further study and given priority status by Halcrow¹. In July 2001, the project was then approved by the Prime Minister of Vietnam as part of the hydropower plan along the Se San River². Construction on the dam was then inaugurated during a groundbreaking ceremony for the project held in Kon Tum Province on 27 September 2009.

Given the fact that this project has long been considered as part of a cascade of hydropower dams and the fact that the project's construction is well under way, it is highly unlikely that the project would not be built without CDM credits. More proof that the project needs CDM credits should be provided by the developer before validation is considered.

2) Project will not contribute to reducing overall emissions

The PDD makes the dubious claim that the 220 megawatt Thuong Kon Tum Dam will contribute to Vietnam's sustainable development through its renewable electricity generation. However,

¹ Mathur, V., M, Sitrith and J. Ojendal. Assessing Environmental Governance in the Lower Mekong River Basin: A Study of the Hydropower Site Selection Process in the Se San and Sre Pok Basins. 2001.

² International Rivers. Planned Dams in Vietnam. 1 July 2001. <http://www.internationalrivers.org/southeast-asia/vietnam/planned-dams-vietnam>

the PDD fails to refer to the fact that the project is likely to reduce electricity production already being generated by a cascade of hydropower dams that are either in operation or under construction on the Se San River. Electricity output from the Se San dam cascade is likely to be affected as the dam diverts water from the Dak Nghe River, a Se San tributary, to another river. The steady depletion of the Se San River is already underway. This issue was recently reported by the Saigon GP Daily on 27 May 2011, which stated that the water levels in the hydropower plant reservoirs of the Yali Falls, Se San 3, Se San 3A and Se San 4 hydropower dams on the Se San River will drop, causing an estimated electricity reduction of 321 million kWh from these plants.³

Furthermore, while this project is likely to do little to generate new electricity for Vietnam, additional hydropower construction is unlikely to solve Vietnam's current over-reliance on hydropower. The PDD fails to mention that Vietnam's large cities have been increasingly plagued with power shortages during its dry seasons, when the electricity is most needed, due to low water levels in its reservoirs⁴. As backup power from other sources, such as natural gas, coal and thermal power, will be needed during times of drought, this project is unlikely to offset carbon emissions. Droughts have also been predicted as a major risk for investors of the Vinh Son- Song Hinh Hydropower Joint Stock Company. A financial advising company, VinaSecurities, warned of poor long-run generation averages due to risks such as the "substantial risk of downward revision should rainfall levels revert to mean."⁵ As climate change and its subsequent droughts are likely to further exacerbate this problem, this project is unlikely to benefit Vietnam's energy sector, nor offset its carbon emissions.

3) Adverse environmental and social impacts

The Se San River is an important watershed and tributary of the Mekong River and is recognized for its biological importance in terms of its rich aquatic and terrestrial ecosystems, in which more than 20 percent of the basin is currently designated as protected areas. While the Se San River's headwaters are near the Thuong Kon Tum Dam's reservoir, the river itself flows through Cambodia's northeast before converging into the Srepok River, which then merges into the Sekong River and finally into the Mekong River.

While the adverse impacts of the Se San dam cascade is already well-known within the region for its poor water management and devastating downstream environmental and social impacts, the impacts of the Thuong Kon Tum Dam is only likely to further exacerbate the situation. A July 2010 report by the Asian Development Bank entitled *Sesan, Sre Pok and Sekong River Basins Development Study in Kingdom of Cambodia, Lao People's Democratic Republic, and Socialist Republic of Viet Nam* has already forewarned of a future disaster. The report states: "Visions of the future, resulting from the consultation process, do not correspond with analysis of the current situation and trends. There is a significant gap between the analysis of the current

³ "Hydropower Plants depleting rivers." Saigon GP Daily, 27 May 2011. <http://en.baomoi.com/Home/society/www.saigon-gpdaily.com.vn/Hydropower-plants-depleting-rivers/147483.epi>

⁴ "Power cuts hit Nation as dry season starts." VietNamNet Bridge, 16 December 2007. <http://english.vietnamnet.vn/social/2007/12/759827/> AND "Power cuts expected for months to come." Vietnam News, 9 October 2010. <http://vietnamnews.vn/vnnet.vn/Industries/204515/Power-cuts-expected-for-months-to-come-.html>

⁵ VinaSecurities. "Drought on the horizon...ROE, ROIC, & yields drop." Initiation of Coverage for the Vinh Son – Song Hinh, 28 August 2009.

situation and hopes for the future. In all countries there is a perception across stakeholders that the pace of change has been extremely rapid, and while in some cases it has delivered many tangible benefits, the degradation of water resources (and watershed) and growing pressure on these resources, suggests an extremely gloomy picture for the future.”⁶

One of the major concerns associated with the Thuong Kon Tum Dam is its severe hydrological impacts. While the dam had earlier been given priority status by Halcrow, they later ranked the project as the worst of the Se San cascade during the second phase of the study due to its impact to the river’s flows, as 74% of the flow would be diverted. The dam is expected to reduce dry season flows by 67% downstream of the dam, and by 78% in the rainy season.⁷ This reduction of water flows will cause negative impacts to the Se San River’s ecosystem, fisheries, and the livelihoods of tens of thousands of people living along the river who rely on the river’s rich natural resources, along with its water as a source of irrigation for their agricultural crops.

In addition, the location of the Thuong Kon Tum Dam is home to a rich diversity of animal species. Some of the endangered species found in the area and are threatened by the project include Gibbon, Tiger and Cervus Unicolor. Furthermore, more than 34 species of fish have been recorded in the river in Kon Tum province. The construction of the dam’s reservoir would destroy aquatic habitats along an approximate 30 km stretch of the river.

Finally, the resettlement of approximately 400 households is also currently underway, with people expected to move to their new homes by the end of 2013.⁸ According to the dam’s prefeasibility study, this includes the displacement of approximately 909 ethnic Xedan people. While many of the people who will be resettled cultivate irrigated rice fields, forests play a vital role in their culture and food security, serving as the main source of food when crops fail.⁹ While details of the resettlement package are not public, concern for the livelihoods and food security of these affected people should be paid heed to as the PDD rightly states that the construction and operation of the dam “will considerably impact forest species...and flood a large area of different forest and cultivated land.”

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⁶ Asian Development Bank. Sesan, Srepok and Sekong River Basins Development Study in Kingdom of Cambodia, Lao People’s Democratic Republic, and Socialist Republic of Viet Nam, Final Report for TA 6367 (REG). July 2010. p. 4-5.

⁷ Asian Development Bank. Se Kong- Se San and Nam Theun River Basins Hydropower Study. Final Report, Volume 2. July 2009, page 3-28.

⁸ “Xung quanh thông tin sai sự thật về việc tái định canh, định cư thuộc khu vực lòng hồ thủy điện Thượng Kon Tum : Chỉ là những tin đồn thất thiệt.” Kon Tum Government website. 25 April 2011.

<http://www.kontum.gov.vn/tintuc/Lists/Posts/Post.aspx?List=2fa21aca-fe02-41ba-bc47-77d530847b32&ID=3859>

⁹ International Rivers. Planned Dams in Vietnam. 1 July 2001. <http://www.internationalrivers.org/southeast-asia/vietnam/planned-dams-vietnam>