

## Projects

# Hongsa Mine Mouth Power Project

The 1,878MW Hongsa Mine Mouth power project is the first and the biggest lignite-fired power plant to be developed in Lao PDR.

<b>Plant Type</b> Lignite-fired power plant	<b>Location</b> Laos	<b>Installed Capacity</b> 1,878MW	<b>Start of Construction</b> 2010
<b>Estimated Investment</b> \$3.7bn	<b>Expected Completion</b> 2016	<b>Developer</b> Hongsa Power Company	

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 Hongsa Power Company is developing the 1,878MW Hongsa Mine Mouth power project in Lao PDR. Image: courtesy of Banpu Public Company.



The 1,878MW Hongsa Mine Mouth power project is the first and the biggest [lignite-fired power plant](#) to be developed in Lao PDR. The project is being developed in Hongsa and Muang Nguen Districts of Xayaboury Province, Lao.

Hongsa Power Company (HPC), a joint venture formed in 2009 between Banpu Power (BPP), Ratchaburi Electricity Generating Holding (RATCH) and Lao Holding State Enterprise (LHSE), is the project developer.

RATCH and Banpu Power own 40% each in HPC, while Lao Holding State Enterprise holds the remaining share. The investment on the power plant is estimated to be \$3.7bn.

Construction of the plant started in October 2010 and commercial operations are expected to begin in 2016. It will be Lao PDR's highest-capacity power plant, providing a sustainable supply of energy for both Laos and Thailand.

## Hongsa Mine Mouth power plant make-up

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### [Nam Theun 2 Hydropower Project, Laos](#)

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The **Nam Theun 2** Hydropower Project (NT2) is a trans-basin diversion power

...agreement (project development agreement) with the Government of Lao PDR (GoL) for the Hongsa power project in December 2006.

The plant will be located on a 76.4km<sup>2</sup> concession area, which is leased for a period of 25 years. It will comprise a lignite-fired power plant, a lignite mine, a limestone mine, and associated infrastructure facilities.

The plant will feature three 626MW generating units producing a gross output of 1,878MW and a net available-for-sale power output of 1,653MW.

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factors with respect to materiality.**

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	1	2	3
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The first unit of the power plant was grid-synchronised in February 2015 and is expected to begin commercial operations on 2 June 2015. The second and third units are anticipated to start commercial operation in November 2015 and March 2016 respectively.

The plant is estimated to use approximately 14.3 million tonnes (Mt) of lignite a year, which will be sourced from the nearby Hongsa Mine.

A fully-equipped central control room will be constructed to control and monitor the power plant operations.

## Honasa lignite mine

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**The plant is estimated to use approximately 14.3 million tonnes of lignite a year."**

reserves are expected to last for 26 years of operations.

The extracted lignite will be loaded onto trucks and transported to the power plant. To ensure continuous fuel supply to the power plant, lignite sufficient for two

weeks of operations will be stockpiled at the stockyard, which is located to the northeast of the power plant.

## **Hongsa Mine Mouth power plant financing**

"To ensure continuous fuel supply to the power plant, lignite sufficient for two weeks of operations will be stockpiled at the stockyard."

Nine Thai commercial banks financed \$3.71bn for the project, which achieved financial closure in August 2010. The banks included Bangkok Bank, Siam Commercial Bank, Krungthai Bank, Government Savings Bank, Kasikorn Bank, Export-Import Bank of Thailand, Bank of Ayudhya, Thanachart Bank, and TMB Bank.

The financing was provided through long-term senior debts under the typical limited-recourse project financing scheme.

Electricity Generating Authority of Thailand (EGAT), BANPU Power (BPP) and the Laos Government are the co-investors in the project.

## **Sale and transmission of power generated by Hongsa plant**

On 30 November 2009, HPC signed a 25-year concession agreement to sell 1,473MW of the net available-for-sale power output to EGAT. It will further sell 100MW to Electricité du Laos (EDL) under a 25-year power purchase agreement (PPA), while the remaining will be lost in transmission.

A 67km-long, 500kV double-circuit overhead transmission line is being constructed to transmit the power generated by the plant to Thai-Laos border.

A 115km-long, 115kV double-circuit overhead transmission line will be constructed to supply power from the plant to the Lao grid. It will connect the power plant to a substation near Hongsa town and further to the Luang Prabang 2 substation.

## HONGSA POWER PROJECT

A consortium of China National Electric Equipment Corporation, Harbin Power Engineering, Harbin Boiler, Harbin Turbine, and Harbin Electric Machinery was awarded the engineering, procurement and construction (EPC) contract for the Hongsa power project.

The First Northeast Electric Power Engineering (NEPEC) was awarded the [construction](#) sub-contract for the Hongsa power plant.

ABB was awarded the contract for the supply of core solutions and equipment for the automation control system to be used at the Hongsa power plant. The contractual scope includes the design, engineering, training and commissioning of the system.

Pöyry Energy prepared the functional specifications for the project.

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