

CHAPTER 5

FEASIBILITY STUDY FOR THE DEVELOPMENT NEW NAM DONG MICRO-HYDROPOWER PLANT

5.1 Introduction

The small existing Nam Dong small-hydropower plant has an installed capacity of 1 MW. It has been electrified to the central area of Luang Prabang (LPB) district, LPB province. It is a dam and waterway type which is usually applied to obtain the large water storage and higher water head. Beside this, it locates in the mountainous area where the level of intake and tailrace are 603 m.a.s.l. and 486 m.a.s.l. respectively. Base on these conditions, the idea for installation the new micro-hydropower plant (MHP) after the existing plant is more facilitating without the complicated structure and the least of investment cost where the natural source is used with the maximum potential.

The objective of this study is to demonstrate the technical viability and economic feasibility for the new MHP by using the water out flow from the existing Nam Dong hydropower plant in LPB province of Lao PDR.

5.2 General Information of the Project

Nam Dong River is a relatively small river that is tributaries Mekong River. It flows through the south part of LPB city. The New Nam Dong micro-hydropower project is planned to locate in the middle of Nam Dong River after the outlet of the existing Nam Dong hydropower plant. For more information is described in appendix B.

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Figure 5.1 Overview of the Nam Dong Hydropower plant.

5.3 Scope of Study

5.3.1 Characteristic of Water Supply

The existing Nam Dong small-hydropower plant can operate throughout the year and has overflow during rainy season. The flow rate of water outflow is approximately $0.88 \text{ m}^3/\text{s}$ in case of operation full capacity. The average monthly flow rate shows in figure 5.3 is directly concerned to the discharge of New Nam Dong MHP project and is used to determine the installed capacity of the project. The water detail is shown in figure 5.2.

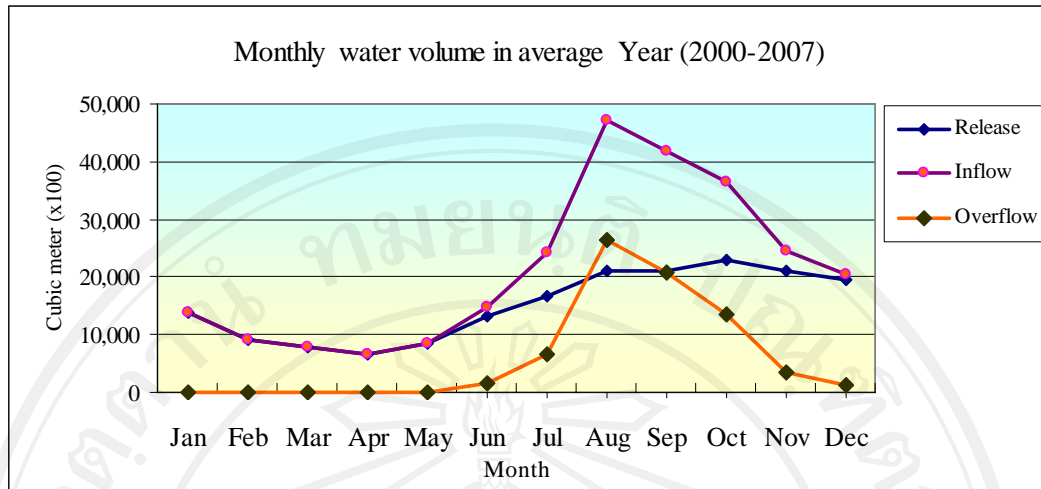


Figure 5.2 The water volume of the existing Nam Dong HPP.

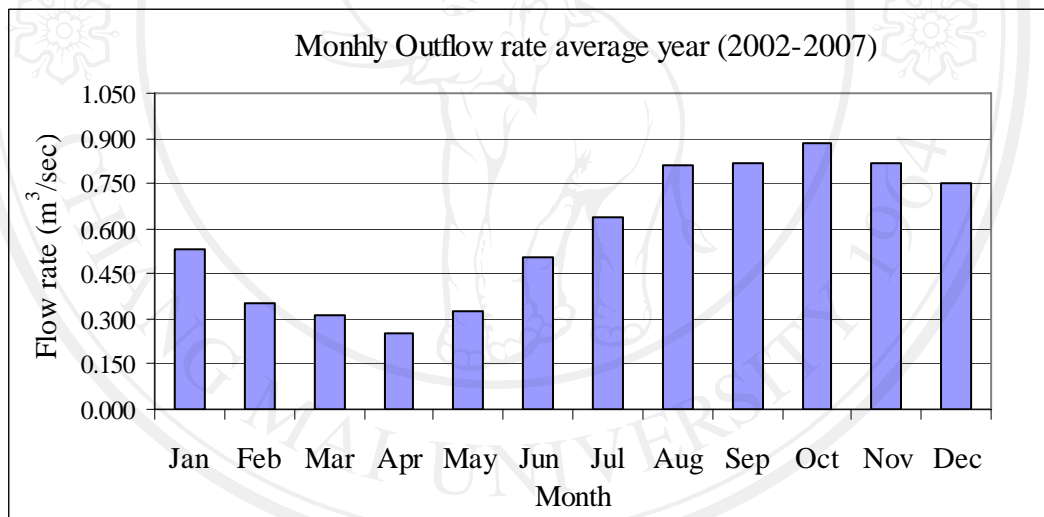


Figure 5.3 Monthly outflow rate average of the existing Nam Dong HPP.

5.3.2 Study Water Flow Rate Capacity

The preliminarily estimated the water flow rate is based on the detail of water outflow volume and operation hours of the existing Nam Dong hydropower plant. Therefore, An average monthly water outflow rate of the existing Nam Dong hydropower plant by the year (2000-2007) which is as the potential flow rate for development New Nam Dong MHP project is shown in the table 5.1.

Table 5.1 An average monthly water outflow rate of small existing Nam Dong hydropower plant.

| Month | Outflow (m ³) | Outflow rate (m ³ /s) |
|-------|------------------------------|-------------------------------------|
| Jan | 1,372,680 | 0.530 |
| Feb | 911,655 | 0.352 |
| Mar | 801,225 | 0.309 |
| Apr | 658,395 | 0.254 |
| May | 849,754 | 0.328 |
| Jun | 1,309,331 | 0.505 |
| Jul | 1,653,634 | 0.638 |
| Aug | 2,096,434 | 0.809 |
| Sep | 2,115,257 | 0.816 |
| Oct | 2,291,451 | 0.884 |
| Nov | 2,122,509 | 0.819 |
| Dec | 1,941,531 | 0.749 |
| | Minimum | 0.254 |
| | Maximum | 0.884 |

Source: Yearly report of Nam Dong Hydropower plant 2000-2007.

5.3.3 System Design for New Nam Dong MHP

The New Nam Dong MHP is planned for simple structure that does not to require large intake weir structure for the water storage. The single diagram of the generation plan is shown in figure 5.4.

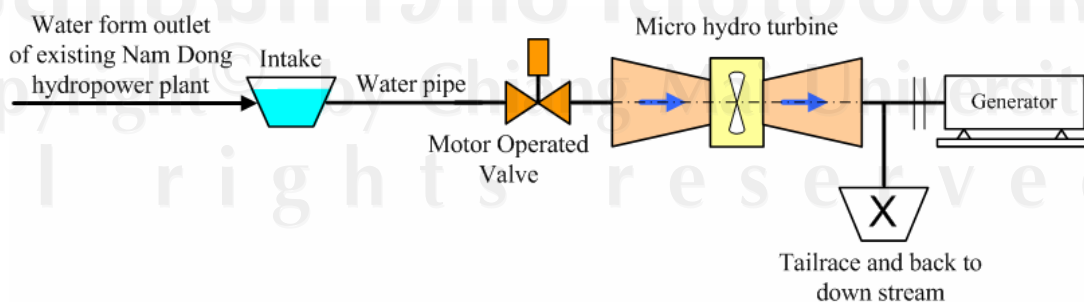


Figure 5.4 Single diagram for development New Nam Dong MHP.

5.3.4 Concept Design of New Nam Dong MHP

The study of New Nam Dong MHP is as a conceptual design. It is based on three main parts, i.e., (1) water flow, (2) power generated, (3) operation and maintenance (O&M). The profile for the concept design of New Nam Dong MHP presents in figure 5.5.

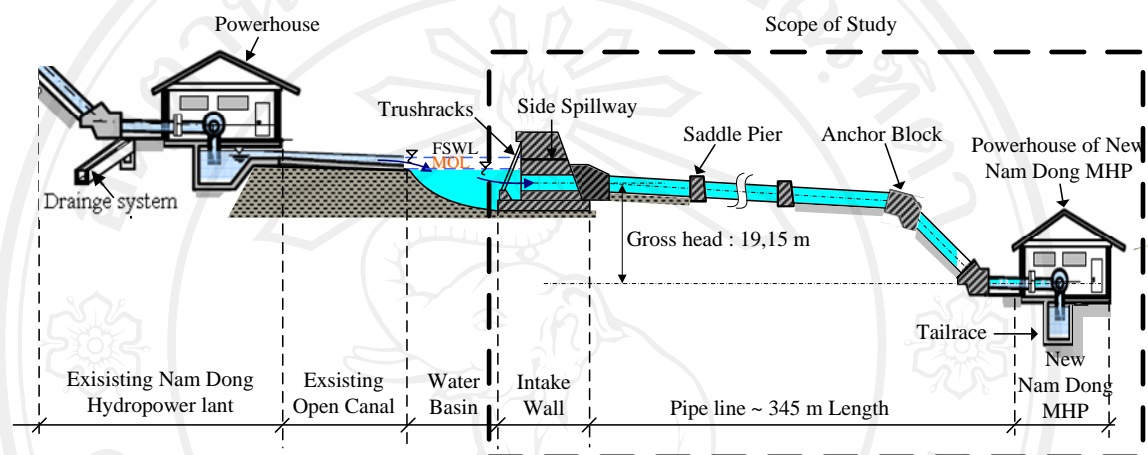


Figure 5.5 The profile of New Nam Dong MHP, (Not to Scale).

5.4 The Work Flow of Development New Nam Dong MHP

The development New Nam Dong MHP is as a conceptual design, and the major works of this project present as follows :

- 1) Civil work includes the intake wall, powerhouse and the tailrace channel to return the water to the river,
- 2) Piping work includes layout pipe line laying steel pie above ground and pipe support concrete,
- 3) Mechanical work includes turbine, water inlet control valve, and
- 4) Electrical work includes control panel and control system main transformer, transmission line for connection the electricity.

5.4.1 Descriptions Civil Work

As seen in the figure 5.5, the particular parts of civil work for development New Nam Dong MHP consist of take wall structure, powerhouse and tailrace (drainage system). The details are shown in appendix B, section B.3.

5.4.2 Descriptions of Piping Work

The considered suitable pipelines for New Nam Dong MHP project, the standard size of steel pipes from manufactures is used [22]. The length of the pipeline is approximately 345 m (See appendix B figure B.16). The steel pipe is used for the design. The determination the diameter of a pipeline is based on the water flow rate (maximum flow rate $0.88 \text{ m}^3/\text{s}$, see table 5.1). The determination and selection the suitable pipe for the project are shown in (appendix B, section B.3.2).

1) Summary data of pipe

| | |
|------------------------|---|
| - Total pipe length | 345 m, |
| - Type of pipe | Wrought Iron or Schedule 40 Steel Pipe, |
| - Inside Pipe diameter | 574 mm or 0.574 m, |
| - Friction loss | 1.54 m at pipe length 345 m |
| - Minor loss | 0.54 m. |

5.4.3 Descriptions of Mechanical Work

1) Selection of Turbine

From site investigation and the operation data of the existing Nam Dong small-hydropower plant, the water flow rate of $0.88 \text{ m}^3/\text{s}$ (See table 5.1) and gross head of 19.15 m (See appendix B, figure B.16) has been used to select the turbine and estimate the power installation of New Nam Dong MHP. Based on the study theoretical and technical approach of hydropower, the reaction turbine type propeller was selected. It is applicable to low head and relative large discharges and it can also maintain the high efficiency against the change of head and discharges.

The diagram for selection of applicable turbine type by given discharge (m^3/s) and Head (meter) is presented by Hydro-eKIDS Toshiba for low head and small scale hydroelectric was used (See figure 5.6).

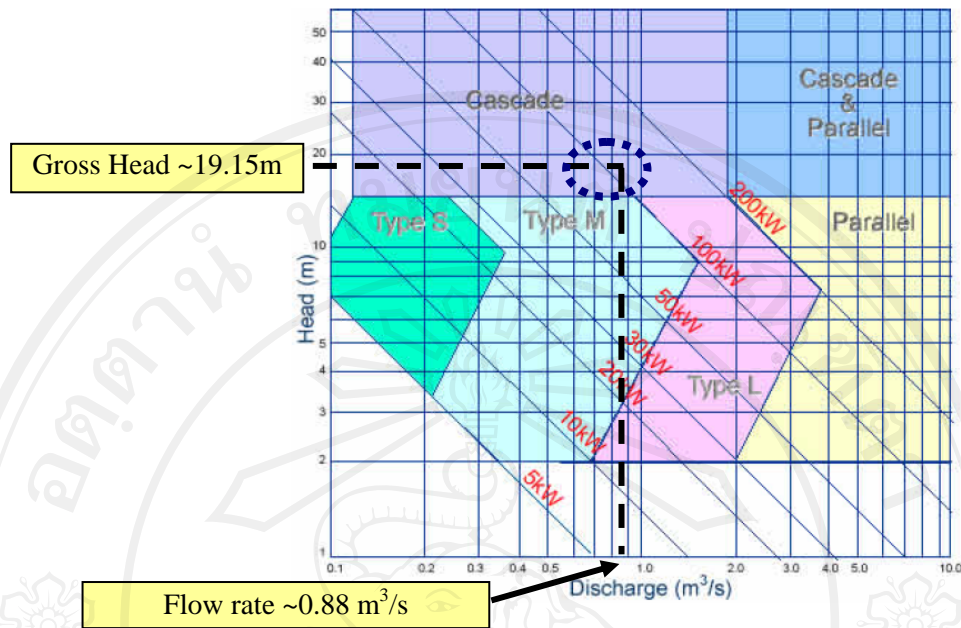


Figure 5.6 Turbine selection diagrams [8].

From the turbine selection diagram, turbine type M is considered for this study and its specific data is shown in figure 5.7.



Figure 5.7 The characteristic and specification of turbine [8].

$$\text{Power Equation: } P = 9.81 \times Q \times H_e \times 0.7 \text{ (kW)} \quad (5.1)$$

The effective head (H_e) of this project is determined by the gross head ($H_g = 19.15$ m) and water flow rate ($Q = 0.88$ m³/s) by deduction head loss between the intake and the tailrace with 345 meter long (See details in appendix B, section B.3.2). The particular detail is summarized as follows:

$$\text{Effective Head} = H_g - H_{\text{loss}} (m)$$

Where, $H_{\text{loss}} = \text{Major head Loss} - \text{Minor Head Loss} = 1.54 \text{ m} + 0.54 \text{ m} = 2.08 \text{ m}$

Therefore, Effective head = $19.15 \text{ m} - 2.08 \text{ m} = 17.07 \text{ m}$

2) The technical parameters of New Nam Dong MHP

From the specification data of turbine, water head and flow rate, the main parameters for New Nam Dong MHP can be summarized as flows:

- | | |
|--------------------------------|-------------------------------|
| a) Head | 17.07 m, |
| b) Discharge | $0.88 \text{ m}^3/\text{s}$, |
| c) Efficiency is not less than | 70 %, |
| d) Turbine output | 103.14 kW/at head 17.07 m. |

$$\text{Turbine Output (P)} = 9.81 \times 0.88 \times 17.07 \times 0.7 = 103.14 \text{ kW}.$$

5.4.4 Descriptions of Electrical Work

1) Generator

Asynchronous generator is commonly known as an induction generator used for this project. It must be driven at a constant speed to generate steady power at the frequency of 50 Hz to meet the rated frequency of electricity system of Lao PDR. The selection the size of generator should consider capacity output and specific speed of the turbine.

From recommendation of Mea Ngut MHP project, the induction generator was used in this project. Its specification is shown by the following:

- | | |
|------------------|--------------------------------|
| - Type | Induction Motor /and generator |
| - Power Capacity | 100 kW, |
| - Rated | 440V, 50Hz, |
| - Speed | 1000 rpm, |
| - Power Factor. | 0.85. |



Figure 5.8 A single line diagram aspect for grid connecting [8].

2) DCS System

DCS is as the control system. Its function is to control the electricity generation, and detects all any event during operation of the electricity generation system. Furthermore, it is as a rumored control system using the completed software and it is widely used for the MHP in Thailand. For this study, DSC system is selected and its cost based on the cost recommendation from the Mea Ngut MHP (see appendix D, table D.2)

3) Transmission and Distribution System

The New Nam Dong MHP transmission line is designed to connect to the grid of the EDL's grid with approximately 0.5 km long. The scheme of power transmission of the project is shown in figure 5.9

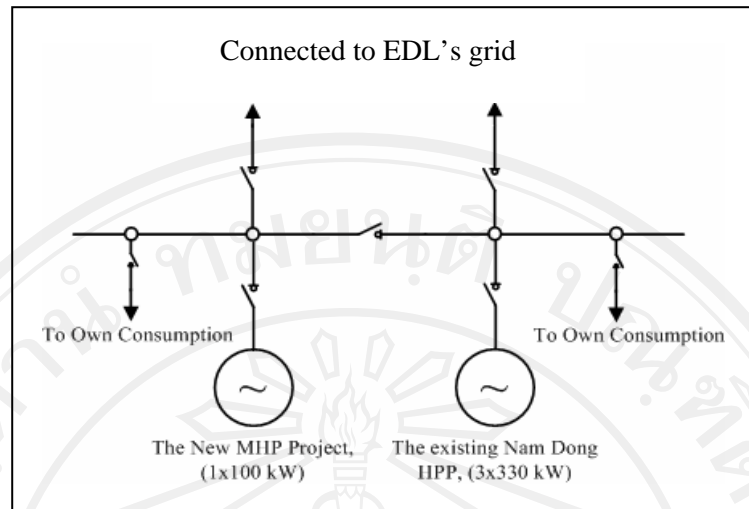


Figure 5.9 The power transmission line scheme for New Nam Dong MHP.

5.5 Estimation Energy Output

The estimated energy output of project is calculated by monthly outflow rate from table 5.1 throughout the year and the power equation 5.1 is used in term of the specific of turbine propeller type M. It is expressed as follows :

$$\text{Energy Output} = 9.8 \times Q \times H_e \times \text{Running hours a month} \quad (\text{kWh})$$

Where, Q : average monthly discharge (m^3/s),
 H_e : Effective head ($H_e=17.07 \text{ m}$)

Annual energy output potential is integrated by the monthly energy output throughout the year. It is shown in the table 5.2.

Table 5.2 Monthly energy output potential of New Nam Dong MHP project.

| Month | Discharge (m ³ /s) | Power output (kW) | Energy Output (kWh) |
|-------|----------------------------------|----------------------|------------------------|
| Jan | 0.530 | 62.08 | 44,696 |
| Feb | 0.352 | 41.23 | 29,684 |
| Mar | 0.309 | 36.23 | 26,089 |
| Apr | 0.254 | 29.78 | 21,438 |
| May | 0.328 | 38.43 | 27,669 |
| Jun | 0.505 | 59.21 | 42,633 |
| Jul | 0.638 | 74.78 | 53,844 |
| Aug | 0.809 | 94.81 | 68,262 |
| Sep | 0.816 | 95.66 | 68,875 |
| Oct | 0.884 | 100.00 | 72,000 |
| Nov | 0.819 | 95.99 | 69,111 |
| Dec | 0.749 | 87.80 | 63,218 |
| Total | | | 587,519 |

5.5.1 Reality of Electricity Energy Output

The realistic electricity energy output of New Nam Don MHP is the total energy generation throughout the year by deducted by its own energy consumption (power station service) .It is taken 2 % of energy output and expressed as follows[19]:

$$E = E_{\text{output}} - E_{\text{own consumption}}$$

Where, $E_{\text{own consumption}} = E_{\text{output}} \times 2\% = 587,519 \times 0.02 = 11,750 \text{ kWh/year}$.

Therefore, $E = 587,519 - 11,750 = 575,769 \text{ kWh/year}$

The figure 5.10 shows the monthly duration curve of electricity energy output of the New Nam Dong MHP.

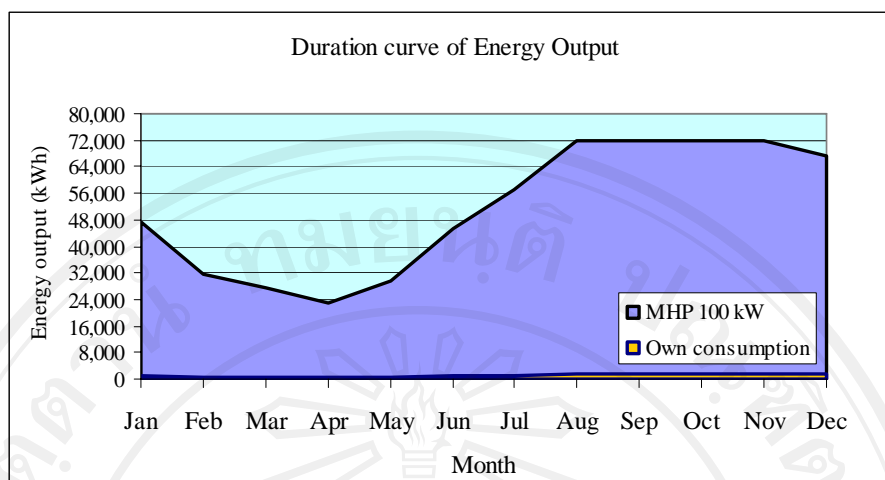


Figure 5.10 The monthly duration curve of electricity energy output of New Nam Dong MHP.

5.5.2 Technical Features

From the results of study the technical data is summarized in table 5.3.

Table 5.3 Summary of Main Technical Data of New Nam Dong MHP.

| Data | Indexes |
|------------------------------|-------------------------|
| Gross Head | 19.15 m |
| Head Loss | 2.08 m |
| Effective Head | 17.07 m |
| Maximum Water flow rate | 0.884 m ³ /s |
| Turbine type | Propeller |
| Installed Capacity | 100 kW |
| Net Annual Energy Production | 575,769 kWh/year |

5.6 Estimation Cost of the Project

The estimation costs of New Nam Dong MHP will be base on the data form the study on small hydropower plant in the Northern Laos [10] and cost reference of Mea Ngut MHP, 2007 which have experience with EGAT, and cost of the project are based on 2005 to 2007 price projects . (For details see appendix B, section B.3 and

appendix D). The cost categories of New Nam Dong MHP are shown by the following :

5.6.1 Cost Category

The estimation costs have been broken down in to major items as follows :

1) Mechanical equipment

The cost of mechanical equipment i.e. turbine runner, governor, inlet valve and auxiliaries was generally estimated in term of lump sum cost.

2) Electrical equipment

The cost of electrical equipment i.e. generator, main transformer, power plant equipment and station auxiliaries was estimated based on lump sum cost.

3) Cost of DCS system is the system for controlling all operation system of hydropower plant. Its cost is based on cost reference of Mea Ngut MHP project, 2008.

4) Transmission Line

The 22kV distribution line is selected for this project, with 0.5 km long from existing Nam Dong hydropower plant distribution line.

5) Civil Work

The civil work includes approach intake, powerhouse and tailrace canal. In general, the design of civil works are based on the topographic map or the location condition. The cost of civil work was estimated based on the information obtained from the previous project in Lao PDR.

6) Piping Work

The cost of piping work includes steel pipe and support. It is estimated based on the quantity of pipe with the total length of pipe from the intake to turbine.

7) Miscellaneous/overhead cost

For estimation of the total project cost, the indirect cost that is the miscellaneous shall be added to estimated direct construction cost. It was estimated by taking 10% of direct cost [10].

5.6.2 Overall Costs Estimation

The cost of each item for development New Nam Dong MHP which is an installed capacity 100 kW is summarized in table 5.4. (See the details in appendix B, section B3.2 and appendix D, table D.2.)

Table 5.4 Costs of equipments for development New Nam Dong MHP.

| No. | Items | Unit | Total Amount |
|------|--|------|--------------|
| I. | Mechanical Work | | |
| 1) | 100 kW water Turbine (Propeller Type)* | US\$ | 30,000 |
| 2) | Inlet valve* | US\$ | 9,000 |
| 3) | Relief valve* | US\$ | 9,000 |
| | Sub Total | US\$ | 48,000 |
| II. | Electrical Work | | |
| 1) | Induction Generator* | US\$ | 25,000 |
| 2) | Turbine and generator control set* | US\$ | 15,000 |
| 3) | DCS System* | US\$ | 15,000 |
| 4) | Main Transformer (set)* | US\$ | 10,000 |
| 5) | Transmission Line (0.5 km)** | US\$ | 5,000 |
| | Sub Total | | 70,000 |
| III. | Civil Work | | |
| 1) | Intake Wall** | US\$ | 5,800 |
| 2) | Powerhouse** | US\$ | 16,800 |
| 3) | Tailrace (drainage)** | US\$ | 4,200 |
| | Sub total | | 26,800 |
| IV. | Piping Work | | |
| 1) | Water pipe (Type Steel) *** | US\$ | 53,700 |
| 2) | Pipe Support | US\$ | 8,000 |
| | Sub Total | | 61,700 |
| | Total cost of equipments | | 206,500 |
| V. | Miscellaneous (10%) | US\$ | 20,650 |
| | Grand Total | | 227,150 |

Note: * Estimate cost is based on cost reference (Mea Ngut MPH, 2007).

** Estimate cost of work task based on cost reference [10].

*** Estimate cost is from computing by using the pipe diameter standard size [22] (see appendix B, Section B.3.2).

5.7 Economic Analysis

The New Nam Dong MHP could entirely produce the average energy 587,519 kWh/year. The minor extraction due to the maintenance shutdown, station service and other activities was included in further calculation.

The average import tariff of at 22 kV level from PEA that is approved by the government of Lao PDR, is the monetary concerns of project and is used for economic assessment.

5.7.1 Economic Criteria

Discount cash flow technique is adopted, showing the factor i.e. Benefit-Cost ratio (B/C), Net Present Value (NPV) and the Internal Rate of Return (IRR).

The adopted criteria are following:

- 1) Economic life of hydropower project is 20 years.
- 2) Station service electricity is 11,750 kWh/year or 2% of total energy generation capacity 587,519 kWh/year.
- 3) Discount rate 10% recommended by the study on small hydropower plant in Northern Laos [10].
- 4) The electricity tariff, refer to domestic electricity charge , an import tariff , and EDL internal tariff charge was approved by the Laos government from the year (2006-2001) at level voltage 22kV.

Table 5.5 The electricity tariff at the level voltage 22 kV.

| No. | Items | Tariff (US\$/kWh) |
|-----|---------------------------------------|-------------------|
| 1) | EDL internal charging | 0.0385 |
| 2) | An average Domestic charge | 0.059 |
| 3) | An average Import tariff ¹ | 0.563 |
| 4) | An average Import tariff ² | 0.0769 |

Source : [6].

Note: ¹ Import from PEA Thailand,

² Imports from China.

5) Operation and Maintenance (O&M) cost only covers cost of maintenance service (annual inspection) and some necessary spare parts. Meanwhile, the operation wage is excluded for the cost of the project due to DCS system which is as a remote control was used to control New Nam Dong MHP. The operation procedure will be controlled small existing Nam Dong hydropower plant. The Estimate cost of annual inspection is based on recommendation Mea Ngut MHP project, 2007 and the micro-hydro power plant work book [12]. The cost of annual inspection for New Nam Dong MHP is expressed in the table 5.6.

Table 5.6 The Estimation costs of annual inspection and Spare parts for Development New Nam Dong MHP Project.

| No. | Work Items | Frequency (Year/time) | Cost of Spare part (US\$) | Total Amount (US\$) |
|-----|---|--------------------------|---------------------------------|---------------------------|
| I. | Yearly inspection* | 1 | - | 1,622 |
| 1) | 0.5 % of Civil work and Piping work | - | - | 442 |
| 2) | 1.0 % of Mechanical and Electrical work | | | 1,180 |
| II. | Spare parts | 5 | | 1,770 |

Source: [16].

Note: * Cost of annual inspection is increased as a shifted gradient at inflation rate 4.5% and applied annually [3].

* * The cost of spare parts is applied in every 5 years. Their cost will be estimated by taken 1.5 % of mechanical and electrical equipment [10].

There fore, the technical and economical criteria of the project are summarized in table 5.7.

Table 5.7 Summary of economic criteria for development New Nam Dong MHP project.

| No. | Items | Unit | Indexes |
|-----|--------------------------------------|----------|---------|
| 1) | MHP design Capacity | kW | 100 |
| 2) | Total of energy generation potential | kWh/year | 587,519 |
| 3) | Station service | kWh/year | 11,750 |
| 4) | Net Annual Energy Generation | kWh/year | 575,769 |
| 5) | Project life | Year (s) | 20 |
| 6) | Electricity tariff | US\$/kWh | 0.0563 |
| 7) | Inflation Rate** | % | 4.5 |
| 8) | Discount rate | % | 10% |

Note: ** Inflation rate: 4.5% is the average rate for the last 3 years reported by Bank of Lao, 2007 [3].

5.7.2 Economic Cash Flow

The economic cash flow of the project is summarized by the overall cost estimate and economic criteria (See table 5.6 and 5.7). It is shown in table 5.8.

Table 5.8 The economic cash flow for Development New Nam Dong MHP Project.

| Year | Cost of Project (C) | | | Benefit | | | Net Cash Flow (B+C) (US\$) | Discount factor at discount rate 10% | NPV of Net Cash Flow (US\$) |
|------|---------------------------|--------------------------------|-----------------------|-----------------------------|-------------------------------------|------------------|-------------------------------------|--|---|
| | Capital Cost (US\$) | Cost of O&M | | Energy generation potential | | | | | |
| | | Yearly Inspection (US\$) | Spare Parts (US\$) | (kWh/year) | Electricity tariff (US\$/kWh) | Amount (US\$) | | | |
| 0 | (227,150) | | | | | | (227,150) | | (227,150) |
| 1 | - | (1,622) | | 575,769 | 0.0563 | 32,416 | 30,794 | 0.9091 | 27,994 |
| 2 | - | (1,695) | | 575,769 | 0.0563 | 32,416 | 30,721 | 0.8264 | 25,389 |
| 3 | - | (1,771) | | 575,769 | 0.0563 | 32,416 | 30,645 | 0.7513 | 23,024 |
| 4 | - | (1,851) | | 575,769 | 0.0563 | 32,416 | 30,565 | 0.6830 | 20,876 |
| 5 | | (1,934) | (1,770) | 575,769 | 0.0563 | 32,416 | 28,712 | 0.6209 | 17,828 |
| 6 | - | (2,021) | | 575,769 | 0.0563 | 32,416 | 30,394 | 0.5645 | 17,157 |
| 7 | - | (2,112) | | 575,769 | 0.0563 | 32,416 | 30,304 | 0.5132 | 15,551 |
| 8 | - | (2,207) | | 575,769 | 0.0563 | 32,416 | 30,208 | 0.4665 | 14,092 |
| 9 | - | (2,307) | | 575,769 | 0.0563 | 32,416 | 30,109 | 0.4241 | 12,769 |
| 10 | | (2,410) | (1,770) | 575,769 | 0.0563 | 32,416 | 28,235 | 0.3855 | 10,886 |
| 11 | - | (2,519) | | 575,769 | 0.0563 | 32,416 | 29,897 | 0.3505 | 10,479 |
| 12 | - | (2,632) | | 575,769 | 0.0563 | 32,416 | 29,784 | 0.3186 | 9,490 |
| 13 | - | (2,751) | | 575,769 | 0.0563 | 32,416 | 29,665 | 0.2897 | 8,593 |
| 14 | - | (2,875) | | 575,769 | 0.0563 | 32,416 | 29,541 | 0.2633 | 7,779 |
| 15 | | (3,004) | (1,770) | 575,769 | 0.0563 | 32,416 | 27,642 | 0.2394 | 6,617 |
| 16 | - | (3,139) | | 575,769 | 0.0563 | 32,416 | 29,277 | 0.2176 | 6,371 |
| 17 | - | (3,280) | | 575,769 | 0.0563 | 32,416 | 29,136 | 0.1978 | 5,764 |
| 18 | - | (3,428) | | 575,769 | 0.0563 | 32,416 | 28,988 | 0.1799 | 5,214 |
| 19 | - | (3,582) | | 575,769 | 0.0563 | 32,416 | 28,834 | 0.1635 | 4,715 |
| 20 | - | (3,743) | | 575,769 | 0.0563 | 32,416 | 28,672 | 0.1486 | 4,262 |
| | | | | | | | | Total | 27,700 |

Results:

| | | | |
|--------------------|------------------|--------------------|-----------------|
| Discount Rate | 10 % | NPV: | 27,700 US\$ |
| Electricity tariff | 0.0563 US\$/kWh | IRR : | 12 % |
| Energy generation | 575,769 kWh/year | B/C Ratio : | 1.12 |
| | 32,416 US\$/year | Payback Period : | 14.79 Year(s) |
| Initial Investment | 227,150 US\$ | Unit Energy Cost : | 0.0502 US\$/kWh |

5.8 Results and Discussion

The feasibility study of the project was based on the assumption such as the discount rate was 10%, electricity tariff was 0.0563 US\$/kWh and the potential energy generation of the new Nam Dong MHP was 575,769 kWh/year. The economic project life was 20 years period, the results of this project is summarized in the table 5.9.

Table 5.9 The economic analysis results

| No. | Descriptions | Result | Unit |
|-----|--|---------|----------|
| 1) | Project cost | 227,150 | US\$ |
| 2) | Net Annual Energy Production Potential | 575,769 | kWh/year |
| 3) | Annual receipts | 32,416 | US\$ |
| 4) | Net Present Value (NPV) | 27,700 | US\$ |
| 5) | Benefit-Cost ratio (B/C) | 1.12 | |
| 6) | Payback Period | 14.79 | Year (s) |
| 7) | Internal Rate of Return (IRR) | 12 | % |
| 8) | Unit Energy Cost | 0.0502 | US\$/kWh |

The economic key indicators indicated that the Benefit-Cost ratio was greater than 1. The project could earn more than an investment while the Unit Energy Cost was lower than the import tariff from PEA Thailand. The IRR was greater than discount rate of 10%, and obviously would be considered as “bank able” if founding to be sought from ADB bank for evaluation of economic viability of the project in Lao PDR [10]. Further more, when the New Nam Dong MHP has been planned to develop, it could promote the existing Nam Dong hydropower plant for producing more electrical energy and could manage the water supply for improving its plant factor.

5.8.1 Economic Evaluation

The evaluation of the project viability is defined in variation by the following parameters :

1) Variation of Discount Rate

The discount rate at 8%, 10%, 12% and are examined. The results of this study was demonstrated in table 5.10 (the details see appendix B, table B.5).

Table 5.10 Results of economic evaluation in variation discount rate.

| Discount rate | Unit Energy Cost | NPV (US\$) | B/C Ratio | IRR (%) |
|---------------|------------------|---------------|-------------|------------|
| 8% | 0.0441 | 66,167 | 1.28 | 12% |
| 10% | 0.0502 | 27,700 | 1.12 | 12% |
| 12% | 0.0566 | (3,139) | 0.99 | 12% |
| 15% | 0.0667 | (38,955) | 0.84 | 12% |

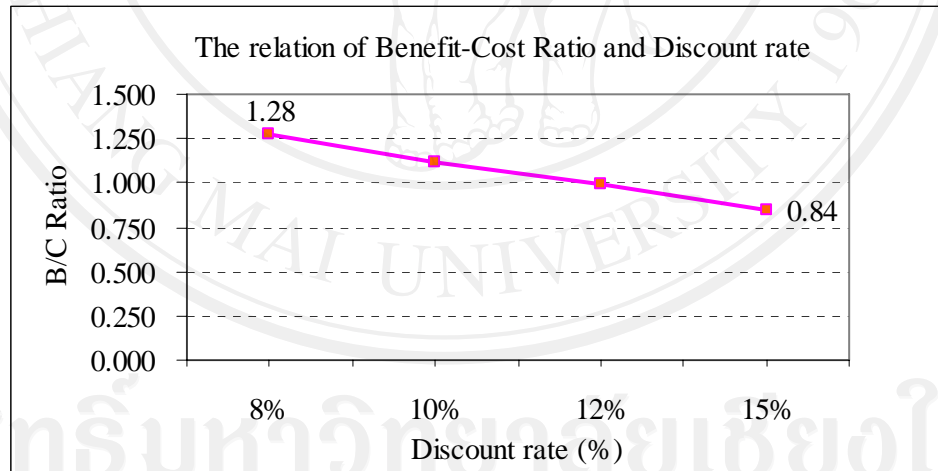


Figure 5.11 The of Benefit-Cost ratio in variation Discount rate

As seen in the table 5.10 and figure 5.11, base on the economic assumption the electricity tariff was 0.0563 US\$/kWh. It was found that the B/C ratio was greater than 1 by the discount rate in range (6% to 10%). However, the B/C ratio was lower than 1 in case of the discount rate is greater than 10%.

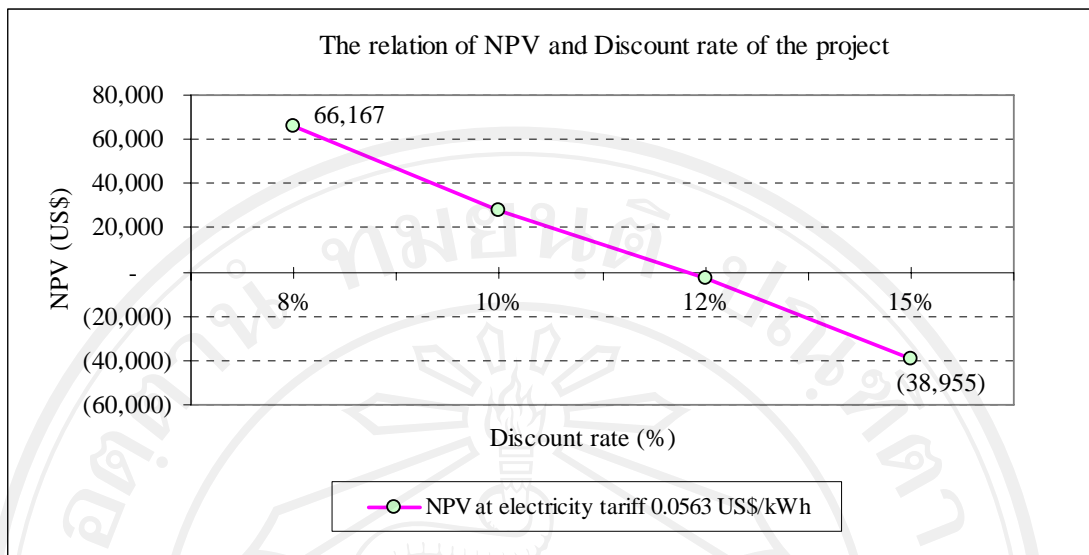


Figure 5.12 The NPV in variation Discount rate.

The similar result shown in figure 5.12, the NPV was lower than zero when the discount rate was greater than 10%. Therefore, the project would be infeasible in case of electricity tariff was 0.0563 US\$/kWh and discount was greater than 10% with the project cost 227,150 US\$.

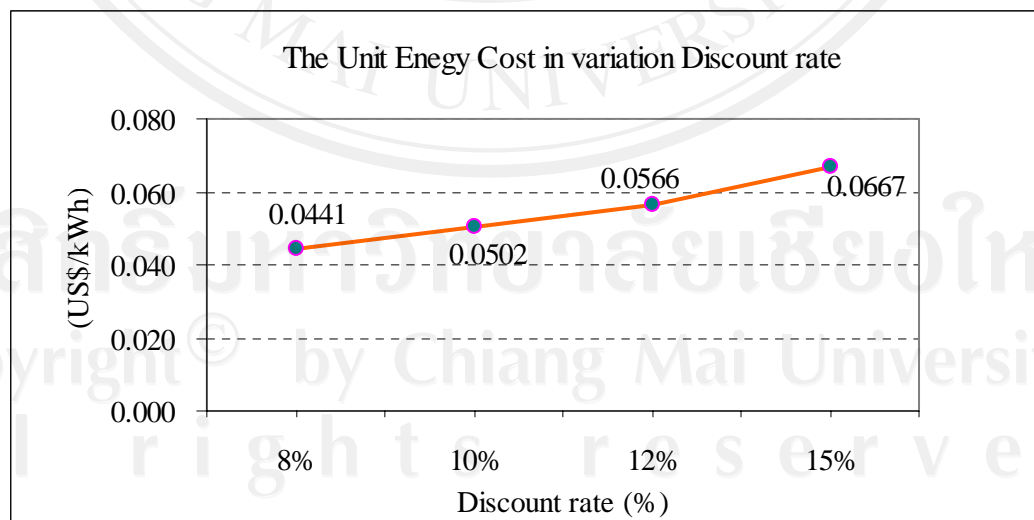


Figure 5.13 The Unit Energy Cost increase of variation discount rate

As seen in figure 5.13, the Unit Energy Cost of the project varies with discount rates. It was a proportion to the discount rate. It was lower than the import tariff from PEA Thailand of 0.0563 US\$/kWh at discount rate was greater than 10%. Therefore, when the discount rate is increased, it will be increased too.

2) Evaluate the project by increasing the project Cost

The study was considered cost of the project by the year 2008. The project might be implemented in the future; the cost of the project will be increased in term of the growth of inflation rate. It was therefore, the evaluation of the project viability considering to percentage of the increment of costs of the project based on the following assumption

Assumption at Base case

| | |
|--------------------|------------------|
| Project cost | 227,150 US\$, |
| Discount rate | 10%, |
| Electricity tariff | 0.0563 US\$/kWh. |

Variation of cost of the project at increment rate 10%, 20%, 30% and 40% and the results of the evaluation of the project was shown in table 5.11, figure 5.14 and 5.15 (See the details in appendix B, table B.5).

Table 5.11 Results of economic evaluation in case of increment project.

| Cases | Project cost (US\$) | NPV (US\$) | B/C | IRR (%) | Unit Energy Cost (US\$/kWh) | Payback period (years) |
|------------------|------------------------|---------------|-------------|------------|--------------------------------|---------------------------|
| Base case | 227,150 | 27,700 | 1.12 | 12% | 0.0502 | 14.79 |
| 10% | 249,865 | 4,985 | 1.03 | 10% | 0.0548 | 18.85 |
| 20% | 272,580 | (17,730) | 0.95 | 9% | 0.0595 | - |
| 30% | 295,295 | (40,445) | 0.88 | 8% | 0.0641 | - |
| 40% | 318,010 | (63,160) | 0.82 | 7% | 0.0687 | - |

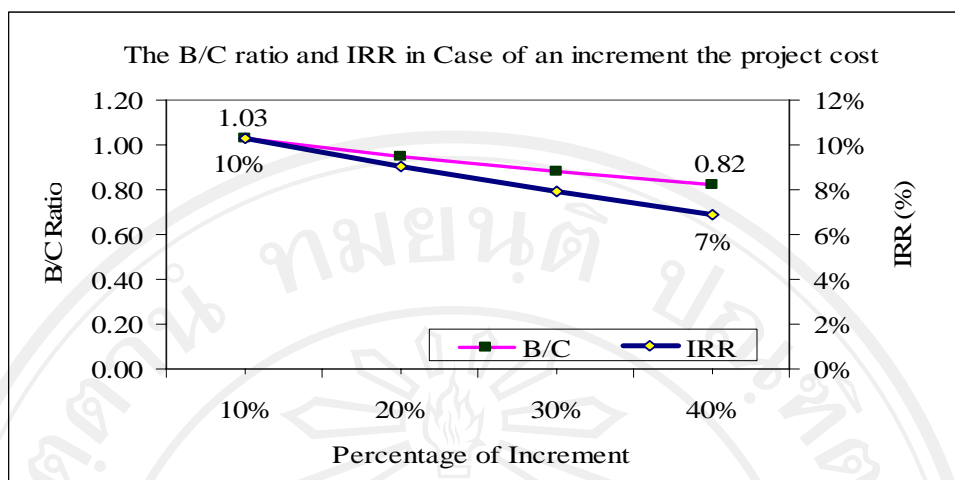


Figure 5.14 The B/C ratio and IRR by increasing cost of the project.

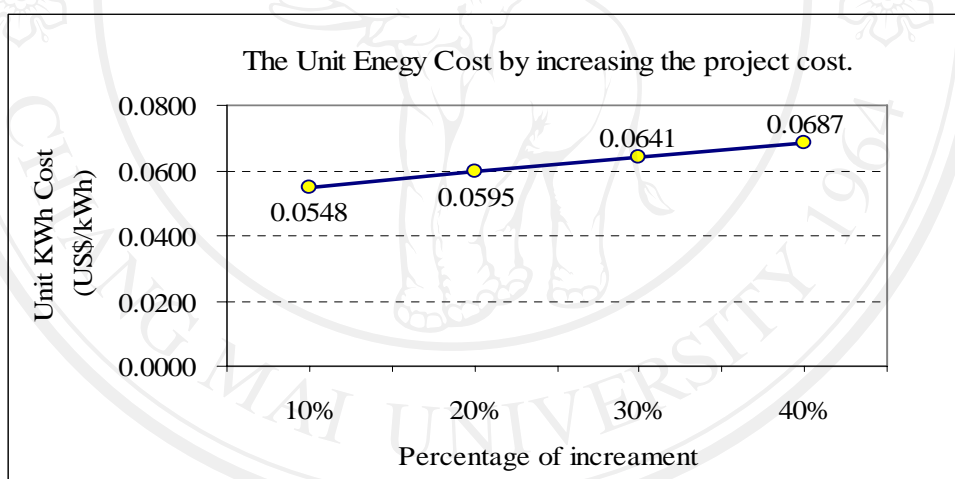


Figure 5.15 The Unit Energy Cost by increasing cost of the project

As seen in figure 5.14 and 5.15, it was indicated that when the project cost was increased 10% of an initial investment cost of 227,150 US\$. The project is feasible at the base case of the discount rate is 10% and the electricity tariff was 0.0563 US\$/kWh. However, when project cost is increased more than 20% of initial investment cost, the B/C ration was lower than 1. The Unit Energy Cost is greater than an average the import tariff 0.0563 US\$/kWh, the project would be infeasible. Therefore, the development for New Nam Dong MHP should be carefully considered for an increment cost during the implemented of the project.

5.9 Conclusion

The results of the feasibility study for New Nam Dong MHP can be concluded as follows :

- 1) Incorporation of the plant structure connects at the tailrace existing Nam Dong hydropower plant. The project is technically and economically feasible.
- 2) The steel pipe with the inside pipe diameter 0.574 m and the total pipe length 345 m and completed with the standard support is designed for the New Nam Dong MHP Project.
- 3) The powerhouse is planned to construction near the Nam Dong river bank. It is an indoor type and designed as concrete structure for 1 propeller turbine and generation facilities,
- 4) The suitable installed capacity is 100 kW. The annual energy generation potential from the New Nam Dong MHP project is approximately 587,519 kWh/year,
- 5) The 22kV distribution line from New Nam Dong MHP from the powerhouse to the EDL existing distribution line is about 0.5 km long,
- 6) The total project cost 227,150 US\$/100 kW,
- 7) The results of economic analysis based on an average import rate form PEA Thailand electricity tariff of 0.0563 US\$/kWh and discount rate 10%. It was indicated that the project is economically acceptable. The results are summarized as follows :

| | |
|-------------------------------|------------------|
| Internal Rate of Return (IRR) | 12% |
| Benefit-Cost ratio (B/C) | 1.12 |
| Net Present Value (NPV) | 27,700 US\$ |
| Payback period | 14.79 years |
| Unit Energy Cost | 0.0502 US\$/kWh. |