Sectors: Coal Electric Power Generation

Active
This profile is actively maintained
Send feedback on this profile

Created on: Apr 5 2017
Last update: Aug 13 2020

Contact: climate@banktrack.org

Project website

Status

About Nam Dinh coal power plant

The Nam Dinh power station is a proposed 1,200MW coal power plant in the Hai Hau district, Nam Dinh province, Vietnam. Construction for four units, 600MW each, was targeted to begin in 2014 but was delayed. In 2016 two units were cancelled and the completion of the two remaining units was scheduled for 2020 and 2021. Commission dates are now scheduled for 2025, and Global Energy Monitor reports that site preparation work has begun.

The project sponsor is Nam Dinh First Power Company Limited, a joint venture between Saudi Arabian ACWA Power and the South-Korean conglomerate Taekwang Power. The construction will be carried out by South-Korean POSCO E&C. The project sponsor has entered a Build, Operate and Transfer (BOT) contract with the government of Vietnam. After the concession ends in 25 years, the project will be handed over to the government. The required coal will come from the Red River coal basin - Vietnam's largest coal deposit, with reserves of 236 million tonnes, located in neighbouring Thái Bình province - and will be supplied by Vinacomin, a Vietnamese government-owned coal mine company.

Latest developments

Nam Dinh Unit 1 to be commissioned in Q1 2025, Unit 2 in Q3 2025
Feb 14 2020

Details on project finance
Jan 8 2020
Why this profile?
The planned Nam Dinh coal power plant will negatively impact local people and the environment. Local populations are already being relocated and livelihoods are being threatened. A new coal power plant will also increase the health risks that the Vietnamese population is already facing. In terms of the environment, the new coal power plant will worsen climate change and contribute to already existing air pollution. The plant is also expected to use incredible amounts of water and threaten local aquatic life.

What must happen
The Paris Climate Agreement goals require a managed decline of fossil fuel production. The construction of new coal-fired power plants is not compatible with this goal. Banks must immediately stop financing new coal-fired power plant developments anywhere in the world. As such no financial institution should finance the Nam Dinh power plant.

Impacts

Human rights, social and gender impacts
In order to create the Nam Dinh power station about 300 households are being relocated and will only receive minimal compensation.

Local livelihoods will be impacted through the effects of the construction and operation of the plant. Farming land and aquaculture will be impacted across the plant's coal ash area. Local aquaculture will likely be impacted during operation due to the discharge of waste. These communities were already impacted by the Formosa environmental disaster in 2016, which killed sea life along a 200 kilometer coastline and incited many environmental protests. Community members are worried the Nam Dinh power plant will destroy life in the Ninh Co river.

Existing coal-fired power plants already pose significant health risks for Vietnamese citizens, the Nam Dinh power station will worsen these health impacts. A 2017 study by Harvard University has estimated that air pollution from similar existing plants is responsible for 4,300 premature deaths in 2011. This number is expected to rise to 21,100 by 2030 if the scheduled new coal power plants are built in Vietnam. The health risks are higher for children, the pollution from carbon dioxide, mercury and arsenic can lead to lung injuries, nerve diseases and cardiovascular infections.

Environmental impacts
The Vietnamese government announced in 2016 it would drop plans for further coal-fired power plants, after a commitment to limit Vietnam’s contribution to climate change. Unfortunately the government has failed to follow through, and in fact Vietnam is planning to start exploiting the Red River coal basin to provide coal for the Nam Dinh plant. The Vietnam Sustainable Energy Alliance (VSEA) has, in cooperation with the WWF, published a study according to which Vietnam can supply 100% of its electricity demand from renewable energy, proving that there is no need for the plant in the first place.

The plant will contribute to already existing air pollution both during construction and operation phases. The plant will emit fine dust, CO2, SO2 and NOx. Material transport will add to this pollution.

The plant will likely also cause water problems as it takes an incredible amount of water to construct and operate the plant. The water will be used for cooling and the heated water will likely be released into the Ninh Co river, which the plant is located on (7km upstream from the coast), where the temperature difference will be highly detrimental for aquatic life.

The project’s Environmental Impact Assessment (EIA) was passed in 2012 and is potentially out of date. Even a more recent EIA could be unreliable as the methodology for drafting EIAs in Vietnam is flawed and the Vietnamese minister for Resources and Environment, Hong Ha, has called the current regulation unfeasible.

Governance

Bank policies
The following bank investment policies apply to this project:

Export-Import Bank of China
Guidance on Environmental and Social Assessment of China Exim Bank Loan Project
Jul 14 2020

Bank of China
Corporate Social Responsibility Policy
May 3 2018 | Bank of China Hong Kong
Updates

Nam Dinh Unit 1 to be commissioned in Q1 2025, Unit 2 in Q3 2025

Feb 14 2020
In February 2020, the Vietnamese National Steering Committee for Power Development reported that Unit 1 is scheduled to be commissioned in Q1 2025 and Unit 2 in Q3 2025.

Details on project finance

Jan 8 2020
On January 8th 2020, IJGlobal published more detailed information on the debt package that was signed in December 2019. The lenders to the project are:

- Bank of China
- China Construction Bank
- Export-Import Bank of China
- China Development Bank
- China Minsheng Bank

More details can be found in the financiers section of this profile.

Debt package signed

Dec 18 2019
On December 18th 2019, the debt package for the Nam Dinh coal power plant was signed according to IJGlobal.

Financiers

The project sponsors will finance the USD 2.5 billion project through a 76:24 debt to equity ratio. In January 2020, IJGlobal reported that a group of 5 Chinese banks will together provide USD 1.9 billion debt financing of the Nam Dinh power plant (source: IJGlobal). The debt financing has a tenor of around 20 years. Taekwang Power Holdings and ACWA Power will both provide USD 300 million in equity financing.

Banks

<table>
<thead>
<tr>
<th>Bank of China</th>
<th>China</th>
<th>profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt – project finance</td>
<td>USD 380 million</td>
<td></td>
</tr>
<tr>
<td>Bank of China co-finances a USD 1.9 billion term loan to the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>source: IJGlobal data, January 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>China Construction Bank</th>
<th>China</th>
<th>profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt – project finance</td>
<td>USD 380 million</td>
<td></td>
</tr>
<tr>
<td>China Construction Bank co-finances a USD 1.9 billion term loan to the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>source: IJGlobal data, January 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>China Development Bank</th>
<th>China</th>
<th>profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt – project finance</td>
<td>USD 380 million</td>
<td></td>
</tr>
<tr>
<td>China Development Bank co-finances a USD 1.9 billion term loan to the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>source: IJGlobal data, January 2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Approached, interested

source: Project Finance International

Debt – project finance USD 380 million
China Development Bank co-finances a USD 1.9 billion term loan to the project
source: IJGlobal data, January 2020

China Minsheng Bank China profile

Debt – project finance USD 380 million
China Minsheng Bank co-finances a USD 1.9 billion term loan to the project
source: IJGlobal data, January 2020

China Exim Bank China profile

Debt – project finance USD 380 million
China Exim Bank co-finances a USD 1.9 billion term loan to the project
source: IJGlobal data, January 2020

Related companies

Taekwang Power Holdings and ACWA Power are the project sponsors of Nam Dinh coal power plant. ACWA Power has signed an EPC (Engineering, Procurement and Construction) contract with China Gezhouba Group.

ACWA Power Saudi Arabia

China Gezhouba Group China
ACWA Power has signed an EPC contract with China Gezhouba Group International

Taekwang Power Holdings South Korea
Parent company of the BOT company

Vietnam Electricity (EVN) Vietnam