



The International Research Advisory Board (IRAB) contributed to the economic-technological feasibility study for the increase in renewable electricity generation capacity in Lao PDR. Through dialogue with government officials and workshops, legal challenges and opportunities for the energy transition in Lao PDR were identified. The outcome of the legal work comprises two reports and two workshops.

The first report aims to unpack the Glasgow Climate Pact and Article 6 of the Paris Rulebook. It examines the legal obligations of contracting Parties under the Paris Agreement and provides a country-specific analysis on Lao PDR. It also identifies the specific legal framework in Lao PDR on climate energy and regulation and the policy objectives of the country. The report found that Lao PDR has a significant potential to attract investment in renewable energy, mostly hydropower and solar energy. The NDC refers to hydropower export plans under the 2030 unconditional mitigation plan. The country's hydropower potential is estimated to be 23,000MW, due to its location in the Mekong River area. The ability to utilise its hydrological resources will exert a strong influence on the country's ability to graduate from least-developed country status by 2024 as planned in its national socioeconomic development plan.

Markets will play a significant role for the energy transition, and Lao PDR can benefit from investment into its renewable energy sector. Legal advice will be important to make best use of the available options. It will be important to apply a stronger procedure for the submission of its nationally determined contribution (NDC) and to develop corresponding long-term low greenhouse gas emission development strategies.

The second report found that Lao PDR would benefit from developing standard PPAs to guide the negotiations for wind and solar PPAs. The assistance of experienced advisors, and consultation with project developers, their banks and lawyers will be critical in developing such standard PPAs. Some of the key terms to be considered in designing a standard bankable PPA are presented in this policy brief. In addition to standard PPAs, Lao PDR should consider developing standard Project Implementation Agreements and Lenders' Direct Agreements, which are also critical for bankability of renewable energy PPAs. This approach has worked in Uganda, under the Global Energy Transfer Feed-in Tariff programme (the "GET FiT programme").

Overall, Lao PDR faces some technical capacity constraints due to the fragility of the grid. The improvement in technical and economy efficiency of its power grid is necessary. Hence,



INTERNATIONAL RESEARCH ADVISORY BOARD

the development of solar and wind energy projects will necessitate the build-out and strengthening of the transmission and distribution grids in the country. To integrate the findings of the two reports into project development, further and close collaboration between the technical, the legal and the in-country team will be essential.