

September 27, 2006

**Comments about
Jorethang Loop Hydroelectric project, Sikkim, India**

Based on reading of the PDD and a visit to the site and interviews with the people in the project area (by NESPON colleagues) for the proposed 96 MW Jorethang Loop Hydroelectric Project (JLHEP) in Sikkim (India) should not be validated in the present form for the following reasons.

1. The project developer (Dans Energy Pvt Ltd) has not done any satisfactory consultation with the people in the affected villages. The local people have not been given any of the project documents like the detailed project report, the full environment impact assessment or environment management plan in the language that they can understand. Nor have the people been told in full about the adverse impacts of the project. This is clear violation of the rights of the people and also violation of the CDM norms for consultation of the stakeholders and the local people.

When colleagues (from NESPON) visited the project area last week they found that the affected people did not know about the project impacts, about crucial project components, nor had they ever seen EIA or heard about the same or that the project is applying for CDM credits.

2. The PDD mentions in Sections F.1 and G.2 that the full environment impact assessment, environment management plan and report of the public hearing are available on request. However, our request to the project developer (sent to the Director of the Dans Energy Pvt Ltd, Mr T Nagendra Rao, at nagendrarao@dansenergy.com) remains unanswered.

3. Section F.1 and F.2 should have given complete details of the amount of total land to be taken for the project, which has not been given. [It is stated on page 30 that 34.36 ha of land is required, of which 3.921 ha is private land, but is not stated what is the status of the rest of the land required for the project.] For example, it does not state how much forest land is required for the project, whether permission for use of the forest land has been taken or not, etc. To the best of our information, permission to use forest land for the project has not been taken by the developer, and without such permission in place, the project should not have been submitted for validation.

4. The contention of the developer in section B.3 that only Alternative to the project is not taking up the project is totally wrong and shows that the developer is not familiar with the electricity related issues in India. Some of the possible options to the project would include: demand side management, increasing end use efficiency of appliances, reducing transmission and distribution, reducing theft of electricity, increasing output from existing projects, taking up small hydro projects and so on, to mention only a few. This should be sufficient to reject application for validation of the project.

5. The claim of the project developer (Section B.3, page 13) that the Internal Rate of Return of the project is 7.72% and that he cannot disclose how this rate was arrived at as it consists of business confidential information should be sufficient for declaring the project invalid. The project developers wants everyone to accept his claim that IRR is only 7.72% and hence additional revenue from sale of the CERs is necessary to make

the project viable, without the developer showing how this figure of 7.7% IRR was arrived at, which cannot be accepted.

6. The project also requires no objection certificates (NOC) from the local village governments, both for the project as well as separate NOC for use of forest land. Without such certificates, the project should not have applied for validation.

7. The PDD repeatedly states (e.g. in section A.2, A.4.3) that the height of the diversion barrage is “approximately 13m”. This is strange. If the project developer is planning to start the construction on Oct 1, as claimed (which in any case they cannot without the clearance from Union Environment and Forests Ministry for the use of forest lands) they should know the exact height of the dam and state the same.

8. Many of the claims in section A.2 about the contribution of the project to sustainable development are misleading or plain wrong. For example, the increased availability of electricity cannot replace use of fuel-wood for cooking. Moreover, the project plans to supply electricity to the Eastern Grid and not to the local people. Similarly, the electricity from the project won't “displace” the grid sourced electricity dominated by non renewable fossil fuels, as claimed. The project can only add to the electricity available in the grid and at the most claim to avoid potential generation of equivalent electricity from non renewable sources.

9. The claim made in Section A.2 on page 3 that “the project is consistent with the future plans of the Ministry of Non Conventional Energy Sources (MNES) of the Govt of India” is totally wrong, as the mandate of the MNES is only for hydro power project less than 25 MW and the proposed project being of 96 MW, does not fall within the mandate of MNES.

10. The claim that diversion of Rangit River for the project will not compromise the local people's access to water as Raman river flows downstream from the diversion point is not credible as it is not stated what is the distance between the diversion point and the point where Raman river meets Rangit. Nor does the PDD clarify as to 15% of what flow of the river will be allowed to flow in the downstream area. Is it that the 15% of the flow at any point of time or 15% of the average flow or 15% of the current minimum flow that the project developer has in mind? Has an assessment made about the needs of the people in the downstream areas and also the need of the river in the downstream area for ecological sustainability? Without clarification of this, it is not possible to ensure if the minimum flow will be able to take care of the people's needs in the downstream areas.

11. The PDD repeatedly mentions (e.g. Section B.2) Central Electricity Agency. However, there is no such agency in existence. This shows the project developer is not familiar with the Govt of India's main electricity Authority.

Under the circumstances, the project in current form should not be validated.

Himanshu Thakkar
South Asia Network on Dams, Rivers & People, Delhi, India

To be sent to:

<http://www.dnv.com/certification/ClimateChange/Projects/ProjectDetails.asp?ProjectId=749>