

# Typical Project of Vietnam - US Collaborative Relationship



AES is an American investor which has a record of many achievements in sustainable development. Mong Duong II Power Plant Project is one typical project of the 20 year cooperation between Vietnam and the United States. On the sidelines of the Vietnam Cooperate Sustainability Forum (VCSF 2015) held in May 2015 in Hanoi, Vietnam Business Forum interviewed Mr **David Stone**, Managing Director of AES-VCM Mong Duong Power Co., Ltd, a member of the Executive Board of the Vietnam Business Council for Sustainable Development (VBCSD) 2015-2016. **Ngo Khuyen** reports.

**AES have been doing business in Asia since 1992, but why didn't you make an official presence in Vietnam until 2011?**

Well actually, we made our first trip to Vietnam back in the late 1990s. On our first visit to Vietnam we met with the Government of Vietnam to look for potential opportunities and we actually executed a memorandum of understanding with the Vietnamese Government for the Mong Duong II projects back in 2005. That's really when we started the Mong Duong II project, and then over the next 5 years we negotiated the project agreements with the Vietnamese Government from 2005 until 2010, and commenced the execution of the Mong Duong II project in December 2010 once financial closing was completed.

**After over 42 months of construction, the Mong Duong II Coal Fired Power Plant Project managed to put its First Unit into operation on 4 March, and the Second Unit on 22 April, 2015. How could you manage this remarkable achievement of opening nearly six months ahead of committed schedule?**

Yes, after 4 years of being in Vietnam on this project, we are very proud of being able to complete the overall facility in April 22nd, which is much earlier than our commitment to the Government, which is October 1st of this year. So we are very proud of that fact. First and foremost, we are very proud that the majority of the work was performed by Vietnamese workers. We worked nearly 44 million man hours and we were able to work all those hours safely, which was our number one goal on a project. If you

execute a project safely and focus on safety, typically you will remain on schedule as well, so that's probably the most important aspect of the project; safety. And we had good workers and good supervision of those workers to be able to keep on the schedule that we have set for ourselves. AES has a lot of experience in new countries and new markets, and we own over 120 power plants. We have a very large instruction groups and construction pipeline at AES Corporation and currently have over US\$10 billion in construction management by our company. So we are very proud of the achievement of the team during that period of time.

I would also say that we have great cooperation from Quang Ninh province, EVN and Vinacomin, who work very closely with us to resolve any issues identified during the implementation of the project. They enable us to maintain and stay on the schedule that we have set for ourselves.

**AES, the largest shareholder of Mong Duong II BOT coal fired power project, was named to the Dow Jones Sustainability Index (DJSI) for North America for the first time ever and was ranked in the top quartile for sustainability. How do you apply these indices at Mong Duong II?**

We are very proud that the AES Corporation has the first title submitted into the Dow Jones Sustainability Index and achieved the top quartile, so we are very proud of that overall as a company. And definitely we focus on not only being a good power plant operator, but a safe operator that really serves the needs of our customers and that



includes the stakeholders, the understanding to develop the 1,240 communities that we serve. We'd MW BOT project, very similar to the existing Mong Duong II project. And all of the communities so we've done a lot of Cooperative Social Responsibility Projects, focusing primarily on education, safety; environmental, medical facilities and most recently some livelihood programs looking to enhance the long term employability of some residents nearby the projects. Clearly we set the same expectations for all our projects regardless of where they are at, whether the US, Asia or India, all of our projects are treated the same. We really try to set the same standards of environmental safety and stakeholders' excellence, no matter at where we are.

**AES currently plans to invest in a new thermal power project in Quang Ninh province - the Quang Ninh III project. Could you share with us some information on this project?**

Sure. We have been working closely with the Quang Ninh People's Committee since last September 2014 when we executed the premium use of our government. We have been working with the Quang Ninh People's Committee since last September 2014 when we executed the premium use of our government. We have been working with the Quang Ninh People's Committee since last September 2014 when we executed the premium use of our government. We have been working with the Quang Ninh People's Committee since last September 2014 when we executed the premium use of our government.

**As a member of the Executive Board of the Vietnam Business Council for Sustainable Development (VBCSD), 2015-2016 tenure, do you have any plan, initiative or recommendation regarding sustainable development in Vietnam?**

It was very pleasing to be asked to be a member of the Executive Board and we are proud to enter in this first round as a member of the Board. And we look forward to sharing our best practices during the implementation of the Mong Duong II project so that others can learn our sustainable practices that we employed on this project: environmental safety, and CSR programs in neighbouring communities. So we want to share that, plus we want to continue to expand our AES branch relationships beyond Quang Ninh province as we look to strengthen our branch, look at other opportunities, and develop in other cities of Vietnam. So we are excited about being a part of the Board and excited to have our team being a part of a sustainability initiative of Vietnam that we can support with our people moving forward throughout these years.

**2015 is exactly 20 years since the normalisation of ties between Vietnam and the US, what do you think Vietnam can offer in terms of economics and trade potential between the two countries?**

I believe from the current forecast that the economy will continue to grow strong; we expect that GDP growth will be strong in the coming years, and subsequently, with strong economic growth you also have a strong power growth, power demand growth which creates opportunity for companies like AES to come into Vietnam and continue to try to present proposals to the Government to fulfil the Government needs to meet the lack of power. So we definitely plan to be engaged with the Vietnam Government to be a part of the economics and subsequent power demand growth in fulfil the need for the power for Vietnam. That's our primary role as AES.■