

By Greg Chang

Aug. 29 (Bloomberg) -- AES Corp.'s plans to build hydroelectric dams in Panama are opposed by environmental groups who said the projects would have a "catastrophic" impact on indigenous people and wildlife.

AES, an Arlington, Virginia-based power producer with operations in more than two dozen countries, should drop its plans for the dams along the Changuinola River, the Center for Biological Diversity said in an Aug. 23 letter to Chief Executive Officer Paul Hanrahan. AES said it has the support of Panama's government and has met all environmental regulations.

The dams would threaten up to 11 species of fish and shrimp and would require the relocation of hundreds of indigenous Ngobe people, according to a copy of the letter.

"It must be emphasized that the dams' impacts on the human populations along the Changuinola River and the animal populations throughout the region would be catastrophic," Peter Galvin, director of the Center for Biological Diversity Conservation, said in the letter, which was endorsed by groups including the International Rivers Network.

AES is working on three dams in the area, Galvin said in the letter. The company in January 2006 unveiled plans to build a \$320 million, 150-megawatt hydroelectric dam about 220 miles northwest of Panama City. Construction began last year and the facility may be operational by mid-2010, AES said on its Web site.

"This is an area that was set aside by the government for the development of power projects," AES spokeswoman Robin Pence said. "We've been working with the government and the local population since day one on this project."

The company is providing new homes and health assistance to local residents affected by the development, she said.

The power facilities will create jobs and help meet a projected need in Panama of 1,000 megawatts of electricity over the next 15 years, Pence said.

The company operates four hydroelectric facilities in Panama, accounting for 36 percent of the nation's power-generating capacity.

--Editor: Jordan (rcs/ecw).

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