requirements, year by year cash flow profiles, a schedule for construction and commissioning of the power generation facilities and an estimate of average annual power generation. These data have been incorporated in the financial analysis.

As for Three Gorges, a base-case, B1.01, was defined in accordance with the criteria in Table B.5 and a series of cases analyzed to illustrate the impact on development cost of changes in base-case assumptions.

Table 4.5

Gehe Yan Water Control Project
Base Case Criteria

| | |
|---|---|
| 1985 Capital Cost | - Yuan 1,583.43 millions: divided into Yuan 838.893 million domestic component and Yuan 744.5 million foreign exchange component |
| Generation Capacity | - 4x300 MW, total 1,200 MW |
| Duration of Project Implementation | - 10 years |
| Generation | - 600 MW assumed to be in service in Year 9 with average annual energy capability of 2.80 TWh and 1,200 MW in Year 10 and all years thereafter with an average annual capability of 3.04 TWh |
| Cost Escalation | - 6% p.a. |
| Debt Equity Proposed | - 4:1 |
| Financing Cost | - RMB loans at 3.6%. Foreign exchange loans at 10%. |
| Cash Flow Outlay | - Cash flows for domestic and foreign exchange components in accordance with detailed schedules contained in feasibility report (Ref. Tables 10-4, 10-5 and 10-6, Vol. I) |
| Investment Cost | - Escalated capital cost plus interest during construction |
| Overhead and Maintenance | - 1% of escalated capital cost |
| Station Service | - Assumed at 1% of gross generation |
| Equity Investment | - 25% foreign, 75% Chinese. Foreign equity to be fully convertible currency and Chinese equity in RMB non-convertible |
| Return on Foreign Investment | - Guaranteed 15% per year cumulative with retirement of foreign equity over 20 years following project completion |
| Project Revenues | - Net generation sales at average tariff of 4.6 fen/kWh escalated at cost escalation factor. |

Again, all cases assume a stand-alone enterprise which would be responsible for the development and operation of the Gehe Yan project. The foreign equity and the Chinese equity contributions are assumed at an appropriate ratio to debt, with capital cost contributions in the