

project. This high level of Chinese equity contribution together with foreign equity participation providing 25% of the enterprise capital leads to a relatively low debt/equity ratio. For development of Three Gorges based on a joint venture equity participation, consideration of a lower level of foreign equity participation might be preferable.

Case Cl.01 as compared with Bl.01 illustrates the cost impact of reducing the overall implementation schedule by two years and advancing first power from Year 12 to Year 10.

Cl.02 as compared with Bl.01 illustrate the impact of rescheduling the investment profile in accordance with the information provided by the Yangtze Valley Planning Office (YVPO) as compared with the levelized investment assumption adopted in Case Bl.01 and its main variants. (Cases Cl.02Y and Bl.11Y in Annex A only are denominated in Renminbi. These presentations are identical to the US\$ denominated case, with conversion at US\$ 1 = Y 2.8.)

Cl.02\$ and Bl.11\$ (or Cl.02Y and Bl.11Y) may be directly compared as Cl.02\$ represents a 30% increase in capital cost over Bl.11\$.

4.2 Case Studies of the Gehe Yan Water Control Project

4.2.1 The Project

The Gehe Yan project is located on the Qian Jiang, a tributary of the Yangtze River situated in the southwestern part of Hubei province. The site is located some 62 km upstream of the confluence of the Qian Jiang with the Yangtze.

The Qian Jiang River originates in the Qiyue mountains. Its main stream is 423 km in length with a total fall of 1,430 m. It is proposed to develop the river in a cascade arrangement of four hydroelectric projects, Gehe yan being the second upstream from the confluence with the Yangtze River.