

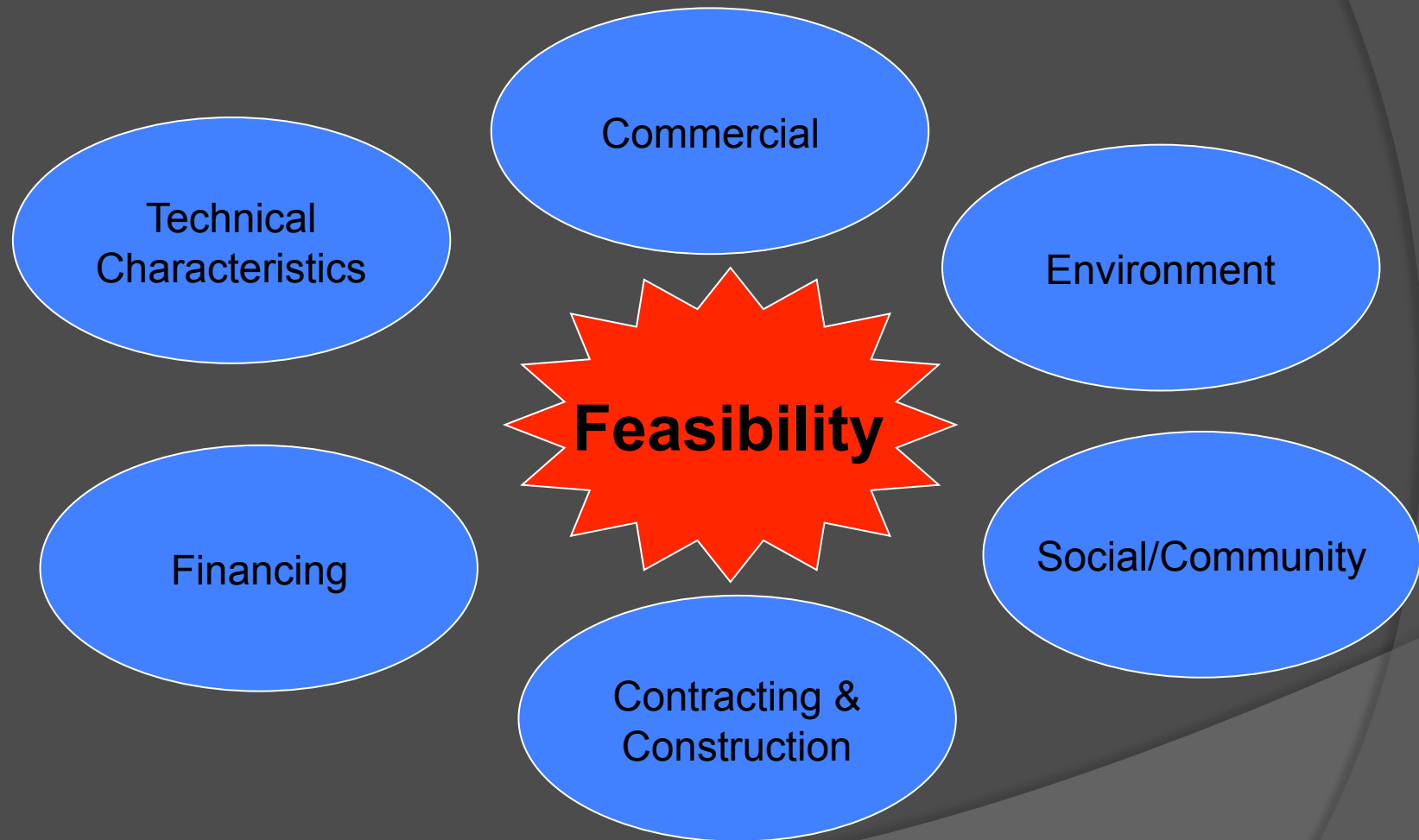
BUSINESS CONTEXT IN THE MEKONG REGION OPPORTUNITIES AND CHALLENGES

Theun Hinboun Expansion Project

Opportunities for Hydropower

- ◎ A clear business case exists for hydropower
 - Private and public sector roles are well established
 - Economic and power demand growth provides a market for new projects
 - Hydropower is a competitive generation option compared with gas, oil, coal or nuclear
- ◎ Renewable energy with low operating risks
- ◎ Significant secondary benefits and regional development

Development Activities



Planning Imperatives

- ⦿ Balanced approach to all issues
- ⦿ Objective definition of issues and risks
- ⦿ Planning to mitigate active risks and capture opportunities
- ⦿ Clear decision process with defined milestones to resolve risks
- ⦿ Create a foundation for success
- ⦿ Regulation framework and market conditions
- ⦿ Exploit successful industry expertise and accept best practices

Business Challenges

- ◉ Financing controversy
- ◉ Commercial risks
- ◉ Environmental risks
- ◉ Social risks
- ◉ Development scale and access to finance
- ◉ Regulatory risks
- ◉ Contracting environment

Summary

- Hydropower can be successfully developed in the Mekong Region
- Well founded development with project planning, sound environmental practices, professional management, risk management, and good technical character is necessary
- Developers, regulators, power purchasers, financiers, and public stakeholders all contribute to success.