

Project Summary for Public Disclosure

Project Overview	
Project Name	Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project
Country	The People's Republic of China
Sector	Renewable Energy
Approval Date (by the Board)	16 November 2018
Total Project Cost	RMB 6 billion
Loan Amount	RMB 2 billion
Borrower	The People's Republic of China
Implementation Agency	Guangdong Yudean Group

I. Introduction

After decades of rapid economic growth, China is endeavoring to transform its growth model from high-speed to high-quality growth. Environmental sustainability has been a growing focus on this path of economic transformation. While coal has been a cheap source for power generation for a long time in the past, heavy use of coal takes a toll on the economy's sustainability with negative impacts on the environment, including harmful pollutants such as CO₂, NO_x and SO₂. To improve the environmental footprints and promote sustainable economic development, Chinese Government has set goals to reduce carbon emissions with a series of policies established in energy sector. In Guangdong Province, one of the most populous provinces with the highest GDP in China, the energy structure still heavily relies on coal. In 2017, coal accounted for roughly 58% of the total generation capacity in the province. To achieve its sustainable development goal, Guangdong Province has decided to place high emphasis on emission control and environment protection. The province planned to shut down coal-fired power plants with a total capacity of 3 GW by 2020 and to reduce the share of coal fired generation capacity to 47.8% by 2020. Taking advantage of Guangdong's long coastline and rich offshore wind resources, the Project is designed with the above context to support the development of offshore wind power industry in Guangdong to ultimately help Guangdong achieve its goals of cleaner energy structure and sustainable economic development. The Project is in close alignment with NDB's mandate of supporting sustainable development.

II. Project Description

The objective of the Project is, through financing the construction of an offshore wind farm, to provide clean power supply and improve energy structure of Guangdong Province. The Project will develop 300 MW of offshore wind capacity in Yangjiang's shallow water area. The Project aligns with the priority of the People's Government of Guangdong Province to achieve the objective of accelerating offshore wind power development and increasing power supply through clean energy. As the replacement of coal-fired power plants, wind power can save coal consumption of 247,200 tons annually.

The proposed NDB loan through the modality of Project Loan will be used by the Government of the People's Republic of China for on-lending to the People's Government of Guangdong Province.

III. Environmental and Social Aspects

The Project contributes to: (i) avoidance of consumption of fossil resources and reduction of pollution emissions of 499,500 tons of CO₂ emissions annually; (ii) enhanced living quality of the local residences from improved conditions of urban environment; (iii) greener energy mix of Guangdong Province; (iv) developing offshore wind power capacity in the province; (v) promoting sustainable economic development of Guangdong Province.

The Project is classified as Category "A" in accordance with the NDB Environmental and Social Framework and China's environmental impact assessment regulations. The Project's environmental and social impacts include biodiversity impacts on marine ecosystems, habitats, protected areas and species as well as social impacts arising from onshore land acquisition and restriction of access to offshore marine water. Mitigation measures are in place to address the negative impacts.

IV. Financials

The total cost of the Project is estimated to be RMB 6 billion. The NDB will finance RMB 2 billion, accounting for 33% of the total cost. The remaining balance will be financed by counterpart fund of RMB 4 billion.

Financier	Amount (RMB billion)
New Development Bank	2
Counterpart Fund	4

V. Implementation

The Project is estimated to be implemented over 3 years. Guangdong Yudean Group will be the Project Implementation Agency. Contractors for the Project will be selected through a competitive and transparent bidding process.