

THE STANDARD FORM OF THE POWER PURCHASE AGREEMENT BETWEEN THE FINANCIAL SETTLEMENT CENTER AND ENERGY PRODUCING ORGANIZATION USING RENEWABLE ENERGY SOURCES AT AUCTION PRICES

No. \_\_\_\_\_

\_\_\_\_\_,  
(full name of the financial settlement center)  
registered at: the Republic of Kazakhstan,

\_\_\_\_\_, BIN: \_\_\_\_\_, in the person

of \_\_\_\_\_,  
(legal address) (position and full name)

acting on the basis of \_\_\_\_\_,  
hereinafter

(basis of authority)  
referred to as the "Buyer," on the one side, and

\_\_\_\_\_,  
(full company name)  
registered at:

\_\_\_\_\_,  
(location)

BIN: \_\_\_\_\_, in the person of \_\_\_\_\_, acting on the basis  
of \_\_\_\_\_,  
(position and full name)

\_\_\_\_\_, hereinafter referred  
to as  
(basis of authority)

the "Seller," on the other side, collectively referred to as the "Parties," and individually "Party," taking into account:

- 1) The Law of the Republic of Kazakhstan dated July 4, 2009, No. 165-IV, On Support for the Use of Renewable Energy Sources (hereinafter, the Law);
- 2) The Rules for the Centralized Purchase and Sale by the Financial Settlement Center of Electric Energy Produced by Renewable Energy Facilities, approved by the order of the Minister of Energy of the Republic of Kazakhstan dated March 2, 2015, No. 164 (registered in the Register of state registration of regulatory legal acts under No. 10662) (hereinafter – the Rules);
- 3) The Rules for the Determination of Feed-in Tariffs and Ceiling Auction Prices, approved by the Decree of the Government of the Republic of Kazakhstan dated March 27, 2014, No. 271;
- 4) The application of the Seller for conclusion of this agreement (incoming number No. \_\_\_\_\_ dated \_\_\_\_\_ 20\_\_\_\_) (annex to the Rules);
- 5) The intention of the Seller to sell the electric energy produced by the renewable energy facility (hereinafter, RES) to the Financial Settlement Center at the auction price, hereby have concluded the power purchase agreement (hereinafter, the PPA) as follows.

### I. Terms and Definitions

I. In this agreement the following basic concepts are used:

1) PPA – power purchase agreement, signed between the Seller and the Financial Settlement Center;

2) Supplied electric energy – all electric energy produced by the renewable energy facility, corresponding to the norms and the requirements of the legislation of the Republic of Kazakhstan, delivered to the delivery point;

3) Delivery point – the point of connection of the renewable energy facility to the electric grid of the energy transmission organization;

4) Commercial metering device – a technical device intended for commercial metering of electric capacity, electric or thermal energy, authorized for use in the order established by the legislation of the Republic of Kazakhstan;

5) Month of supply – a calendar month of the actual supply of the electric energy from renewable energy facilities, starting from 00:00 on the first day of the corresponding month and ending at 24:00 on the last day of the corresponding month, the results of which are the basis for the final calculations of the volume of purchase and sale of the supplied electric energy;

6) Working day – the day that is a working day for the Financial Settlement Center;

7) Date of commencement of commercial operation of the renewable energy facility – the date of the beginning of the comprehensive testing of electric installations of the renewable energy facility of the Seller during which electric energy is delivered to the electric networks of energy transmitting organization;

8) The National Dispatch Center of the System Operator (hereinafter, NDC SO) is a subdivision of the System operator responsible for the operational management of the UPS of Kazakhstan and the reliability of its operation, including balancing and ensuring the quality of electricity;

9) System operator is a national company that implements centralized operational and dispatch control, ensures parallel operation with the power systems of other states, maintains the balance in the power system, provides system services and procures auxiliary services from the wholesale electric energy market players, and transmits electric energy through the national electric grid, maintains it and ensures its operational readiness;

10) Automated Commercial Energy Metering System (hereinafter referred to as ACEMS) – a set of measuring instruments and a hardware and software complex for measuring, collecting, processing, storing and transmitting electric energy metering data;

11) Auction price – the price for the purchase of electric energy produced by the renewable energy facility by the Financial Settlement Center, determined on the basis of auction results and not exceeding the level of the corresponding ceiling auction price.

12) Financial organization - a legal entity engaged in entrepreneurial activities for providing financial services, as well as international financial organizations. Other terms used in the PPA are applied in accordance with the legislation of the Republic of Kazakhstan on support for the use of RES and the electric power industry.

## **2. The Scope of the PPA**

2. In accordance with the PPA, the Seller sells, and the Financial Settlement Center buys the entire amount of electric energy produced at the Seller's renewable energy facility and supplied to the delivery point. The seller will generate electricity at the following renewable energy facility (hereinafter – the power plant):

1) name: \_\_\_\_\_;

2) type of the renewable energy facility (depending on the type of renewable energy source used): \_\_\_\_\_ (for solar power plants, the type of the photovoltaic module and the silicon manufacturing country are also indicated);

- 3) the land plot(s) where the renewable energy facility is located– cadastral number: \_\_\_\_\_, total area of the land plot: \_\_\_\_\_ hectares;
- 4) total installed capacity of the generating equipment of the renewable energy facility, defined as the sum of nominal (specified in the nameplate data) capacities of the main generating equipment (for solar power plants - photovoltaic DC modules, for wind power plants, hydro power plants and biopower plants - AC electrical generators) based on nameplate data of the main generating equipment \_\_\_\_\_ (MW);
- 5) the projected capacity factor of the renewable energy facility: \_\_\_\_\_;
- 6) the point of connection to the electric grid: \_\_\_\_\_.
3. The price of electric energy under the PPA is the auction price, which is \_\_\_\_\_ (\_\_\_\_\_) per 1 (one) kilowatt hour of electric energy without including value-added tax. The annual indexation of the auction price is carried out in accordance with the procedure established by the Rules for determining feed-in tariffs and auction ceiling prices approved by the Decree of the Government of the Republic of Kazakhstan dated \_\_\_\_\_ no.\_\_\_\_\_).

4. The change in the auction price as a result of indexation or the procedure of indexation of the auction price shall be formalized by signing an amendment to the PPA specifying the date the relevant changes enter into force, determined in accordance with the rules of determining feed-in tariffs and auction ceiling prices.

### **3. Metering of volume and payment for electric energy.**

5. The volume of the supplied electricity is metered on the basis of the readings of commercial metering devices of the Seller installed at the delivery point.
6. After the Seller ensures that the ACEMS is operational at his facility, the Financial Settlement Center has the right to use the ACEMS data to meter and determine the volume of supplied electricity by the Seller and to make commercial settlements between the Seller and the Financial Settlement Center.
7. The financial settlement of electrical energy imbalances from renewable energy facilities, including the power plant, is carried out by the Financial Settlement Center in accordance with the Rules for the functioning of the balancing electricity market, approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 112 as of February 20, 2015 (registered in the Register of state registration of regulatory legal acts No. 10532).
8. In the case of disputes, the final document for mutual settlements between the Parties is the actual balance of production/consumption of electricity in the wholesale electricity market of the Republic of Kazakhstan provided by the NDC SO.
9. The electric energy produced by the renewable energy facility and delivered to the grid of the power transmission organization during the period of absence or malfunction of the commercial metering devices at the delivery point is not paid for by the Financial Settlement Center and is not considered in the mutual settlements of the Parties. At the same time, the fact and the period of absence or malfunction of the Seller's commercial metering devices must be confirmed by the relevant statement of the energy transmission organization to the grids to which the renewable energy facility is connected.
10. The payment for the electricity is carried out by the Financial Settlement Center within 15 working days after the expiration of the payment deadline established for the conditional consumers on the basis of the invoice and the volumes reconciliation act provided by the Seller.

### **4. The rights and obligations of the Parties**

11. The Seller is Obligated to:

- 1) monthly, provide the Financial Settlement Center with information on the actual daily output of electricity delivered to the grid not later than the fifth day of the month following the delivery month;
- 2) monthly, not later than the fifth day of the month following the month of delivery, provide the Financial Settlement Center with the volume reconciliation act and the invoice for the actual volume of electric energy delivered to the electric grids;
- 3) annually, from January 1 to January 31, perform a reconciliation of mutual settlements for the past fiscal year;

- 4) monthly, provide the financial settlement center with the information on the projected volumes of generation and delivery to the electricity grids ten calendar days prior to the delivery month;
- 5) annually, by the 1st of November, send information on projected volumes of generation delivered to the electricity grids for the coming year, broken down by month;
- 6) in the event of termination of the Agreement on his own initiative, notify the Financial Settlement Center in writing a month in advance of the expected date of termination;
- 7) promptly notify the Buyer of changes in his name, legal address, actual location and other details required to fulfill the terms of the Agreement;
- 8) ensure that the ACEMS at his renewable energy facility is operational before the commercial operation of the renewable energy facility begins. The ACEMS should have the option to remotely transmit data to the regional dispatch centers of the system operator.
- 9) provide the financial settlement center with a copy of the certificate of acceptance of the scheme of commercial metering of electric energy, including the layout of the commercial and technical metering devices of the renewable energy facility, signed between the energy transmission organization and the Seller for the renewable energy facility in respect of which the Agreement is concluded within 10 (ten) working days from the date of signing of the certificate of acceptance of the scheme of commercial metering of electric energy and before the beginning of the comprehensive testing of the renewable energy facility;
- 10) in the case of a stage-by-stage commissioning of the renewable energy facility, provide a copy of the interim act of comprehensive testing of energy installations of the renewable energy facility within 5 (five) working days from the date of signing thereof, but not later than the end of the delivery month during which the comprehensive testing was conducted;
- 11) provide a copy of the comprehensive testing program agreed by the system operator and a copy of the ACEMS commissioning act 10 (ten) calendar days before the beginning of the comprehensive testing;
- 12) ensure compliance with the daily schedules of electric energy production in accordance with the legislation of the Republic of Kazakhstan;
- 12-1) make timely changes to the daily electricity production-consumption schedule approved by the system operator within an operating day;
- 13) if the installed capacity of the renewable energy facility is not less than one megawatt, comply with the operation modes of the generating installations of the renewable energy facility set by the system operator in accordance with the legislation of the Republic of Kazakhstan;
- 14) provide a copy of the act of taking readings of electricity commercial metering devices signed between the renewable energy facility and the power transmission organization to the electrical grids of which the renewable energy facility was connected in a form agreed with the Financial Settlement Center: no later than on the seventh day of the month following the month of delivery;
- 15) provide the Financial Settlement Center with a copy of the notice on the beginning of the construction and installation of the renewable energy facility that is the subject of the PPA to the state body responsible for national architectural and construction control: within 12 (twelve) months from the date of signing of the PPA for solar, within 18 (eighteen) months from the date of signing of the PPA for wind and biogas, and within 24 (twenty four) months from the date of signing of the PPA for hydro;
- 16) provide the Financial Settlement Center with a copy of the operational acceptance certificate of the renewable energy facility that is the subject of the PPA, approved in accordance with the architectural, urban planning and construction regulations of the Republic of Kazakhstan – within 24 (twenty four) months from the date of signing of the PPA for solar power plants, within 36 (thirty six) months from the date of signing of the PPA for wind and biogas power plants, within 48 (forty eight) months from the date of signing of the PPA for hydro power plants. At the same time, the indicated terms are prolonged for 1 calendar year if before the expiration of the term stipulated in the first part of this subparagraph, the authorized organization (person) for architectural and construction control and technical supervision according to the legislation of the Republic of Kazakhstan on architecture, urban planning and construction, will provide a confirmation that at least 70% of the total scope of renewable energy facility construction and installation has been completed;
- 17) provide the Financial Settlement Center with a copy of the act of delineation of balance sheet attribution

and operational responsibilities of the parties signed between the energy transmission organization and the Seller for the renewable energy facility for which the PPA is concluded – within 10 (ten) working days from the date of signing the act of delineation of balance sheet attribution and operational responsibilities of the parties and before the beginning of the comprehensive testing of the renewable energy facility;

18) provide the Financial Settlement Center with a copy of the certificate of acceptance of the scheme of commercial metering of electric energy, including the layout of the commercial and technical metering devices of the renewable energy facility, signed between the energy transmission organization and the Seller for the renewable energy facility for which the PPA is concluded – within 10 (ten) working days from the date of signing of the certificate of acceptance of the scheme of commercial metering of electric energy and before the beginning of the comprehensive testing of the renewable energy facility;

19) at the request of the financial settlement center, provide information on the progress of the construction of the renewable energy facility;

20) provide the Financial Settlement Center with the PPA performance bond in the amount of \_\_\_\_\_ within 30 (thirty) calendar days from the date of signing this PPA in accordance with the requirements set forth in paragraph 95 of these Rules;

21) annually, no later than October 1, provide information on the existing credit obligations in foreign currency received for the purpose of implementing the renewable energy facility construction project;

22) promptly inform the Financial Settlement Center about a merger, bankruptcy or liquidation of the Seller;

23) to build a renewable energy facility using new generating units (that have never been in operation before).

12. The Financial Settlement Center is Obligated to:

1) sign the act of reconciliation of volumes within 15 (fifteen) calendar days from the date of receipt of the act of reconciliation of volumes from the Seller, or, if he does not agree with the Seller's data on the volume of delivered electric energy, send a written substantiated refusal to the Seller within the same period with mandatory attachment of documents confirming the validity of such refusal;

2) pay the Seller for the entire volume of the delivered electricity in the month of delivery, specified in the relevant act of reconciliation of volumes within 15 (fifteen) working days after the expiration of the payment deadline established for the conditional consumers;

3) annually, from January 1 to January 31, perform reconciliation of mutual settlements for the past fiscal year;

4) promptly notify the Seller of changes in his name, legal address, actual location and other details required to fulfill the terms of the Agreement;

5) in case the renewable energy facility was commissioned within the time limits specified in part I of subparagraph 16) of paragraph 11 of the Agreement, return the PPA performance bond or its part within ten (10) working days from the date of submission of the written request.

6) promptly inform the Seller about a merger, bankruptcy or liquidation of the Financial Settlement Center.

13. The Seller has the Right to:

1) demand the fulfillment of the terms of the Agreement by the Financial Settlement Center;

2) carry out ongoing repair or overhaul of the renewable energy facility, including the replacement of the main generating equipment, provided that the total installed capacity of the generating equipment of the renewable energy facility specified in the Agreement will not be increased;

3) assign his existing and future rights and claims for the Financial Settlement Center arising from the Agreement, with notification of the Financial Settlement Center before the conclusion of the respective assignment of claim agreement. At the same time, the assignment of rights and claims provided for by this subparagraph shall be carried out after the authorized body makes the relevant changes in the list of energy producing organizations that use renewable energy with the provision by the Party that accepts the rights and claims under this Agreement of a financial guarantee in accordance with sub-paragraph 20) of paragraph 11 of the Agreement, as well as with the conclusion of the relevant agreement between the Financial Settlement Center, the Seller and the Party accepting the rights and claims hereunder;

4) fully assign his rights and obligations under the Agreement to a third party in the event of the alienation of the renewable energy facility to the same party. In this case, the rights and obligations under the Agreement pass on to the third party simultaneously with the renewable energy facility property rights.

14. The Financial Settlement Center has the Right to:

1) demand the fulfillment of the terms of the Agreement by the Seller;

2) withhold the sum of overpayment from the sums due to the Seller under future payments if, following the results of the settlement of the disagreements between the Parties regarding the volume of the delivered electricity in the month of delivery, it will be discovered that the Financial Settlement Center paid an extra sum to the Seller;

3) demand the fulfillment of other Sellers' obligations in accordance with the Agreement and the legislation of the Republic of Kazakhstan on renewable energy sources in the electric power industry.

## **5. Liabilities of the Parties**

15. If the Seller violates the deadline for submission of the copy of the notice on the beginning of the construction and installation of the renewable energy facility according to subparagraph 15) of paragraph 11 of the PPA, for more than 6 months, the Financial Settlement Center retains 30% of the PPA performance bond according to the procedure established in paragraph 98 of the Rules, and notifies the Seller in writing.

16. If the Seller violates the deadline for submission of the copy of the operational acceptance certificate of the renewable energy facility according to part 1 of subparagraph 16) of paragraph 11 of this PPA, the Financial Settlement Center retains 100% of the PPA performance bond according to the procedure established in paragraph 98 of the Rules, and notifies the Seller in writing. At the same time if part of the PPA performance bond is retained, according to paragraph 15 of this PPA, 70% of the PPA performance bond is retained according to the procedure established in paragraph 98 of the Rules.

17. For the delay in payments provided for by this PPA, the Financial Settlement Center at the request of the Seller shall pay him a penalty in the amount of 0.1% (zero point one percent) of the overdue amount for each calendar day of the delay, but not more than 10% (ten percent) of the overdue amount.

18. The Parties are liable for violation of obligations under this PPA, in accordance with the legislation of the Republic of Kazakhstan and the terms of the PPA.

19. The terms of the PPA may be amended only by mutual agreement of the Parties and formalized in writing.

19-1. The Financial Settlement Center is not responsible for the deviation of the actual value of capacity factor from the projected value, as well as for the actions of third parties including but not limited to those associated with dispatching, transmission and distribution of electrical energy.

## **6. Force Majeure Circumstances**

20. The Parties shall not be liable for failure to perform and/or improper performance of the terms of the PPA if it was the result of force majeure circumstances.

21. A force majeure circumstance is an event hindering the implementation of the Agreement, which is beyond the control of the Parties, is not related to their miscalculation or negligence, and is of an unpredictable nature.

22. The Financial Settlement Center's lack of a sufficient amount of money for any reason is not a force majeure circumstance and does not relieve the Financial Settlement Center from the liability for late payments.

23. The Party affected by the force majeure circumstances is obliged to notify the other Party about the abovementioned circumstances, their type, reasons and possible duration within ten (10) calendar days from the onset of the force majeure circumstances, as well as confirming documents.

### **6-1. Actions of The Parties In Cases When The Seller Attracts Loans From Financial Organizations For The Construction Of The Renewable Energy Facility**

23.1. If the Seller attracts financing for the construction of the renewable energy facility from financial

organizations and secures it by cash receipts under this Agreement, the Seller shall send to the Financial Settlement Center an appropriate notification about pledging cash receipts with an indication of the period of validity of this notification.

23.2. Provision by the Seller of a notification to the Financial Settlement Center about pledging cash receipts expresses the irrevocable and unconditional consent of the Seller to the following actions by the Financial Settlement Center in respect of this Agreement:

1) the payment by the Financial Settlement Center of payments due to the Seller in favor of the financial organization upon the receipt of the relevant claim from it (within the limits of monthly payments). Every payment in favor of the financial organization is considered to be the proper discharge of financial obligations by the Financial Settlement Center before the Seller under this Agreement;

2) the replacement of the Seller upon the receipt by the Financial Settlement Center of a request from the financial organization about the need for such a replacement. The Seller is replaced at the request of the financial organization after the relevant changes are made to the list of energy producing organizations that use renewable energy sources;

3) the provision of information by the Financial Settlement Center to the financial organization on failures by the Seller to perform his obligations to the Financial Settlement Center under this Agreement which can result in termination or suspension of the Agreement.

## **7. Dispute Settlement**

24. Disputes arising from the PPA shall be settled in accordance with the legislation of the Republic of Kazakhstan.

25. The Parties shall try to settle the disputes regarding the PPA by direct negotiations.

26. Each Party has the right to appeal to the court to settle a dispute related to the conclusion, validity, execution, amendment, suspension and termination of the PPA, as well as to settle other disputes regarding the Agreement.

27. All disputes related to the conclusion, validity, execution, amendment, suspension and termination of the PPA or otherwise related to the PPA, shall be heard by the public court having jurisdiction over the Buyer's seat, except for cases when the claimant makes a decision to bring the dispute to the International Arbitration Center of Astana International Financial Center according to paragraph 104-1 of the Rules.

## **8. The Validity Period of the PPA and the Auction Price**

28. The PPA enters into force on the date on which it is signed by both Parties.

29. The PPA and the auction price indicated therein shall cease to be effective fifteen (15) years after the date of the beginning of the comprehensive testing of the electrical installations of the renewable energy facility during which the generated electricity was delivered to the electric grids of the power transmission organization or starting from the day following the expiry of the period stipulated in the first part of subparagraph 16) of paragraph 11 of the PPA, whichever comes first.

## **9. Final Provisions**

30. The PPA shall be terminated in the following cases:

1) the Seller does not meet the deadline for commissioning of the renewable energy facility, as provided in subparagraph 16) of paragraph 11 of the PPA;

2) the Seller sells the produced electric energy at contract prices under bilateral contracts with consumers in accordance with the electric power industry laws of the Republic of Kazakhstan during the validity period of the PPA.

3) the Seller violates the deadline for the provision of the PPA performance bond in accordance with paragraph 95 of the Rules.

31. All changes and additions to the PPA are valid only on condition that they are made in written form and signed by the authorized representatives of the Parties.

32. All correspondence between the Parties must be in written form by sending letters on paper.
33. The PPA is written in the Kazakh and Russian languages in two copies, each having equal legal force.
34. The PPA was concluded in the city of Astana, signed by both Parties and registered by the Financial Settlement Center in the Register of Concluded Contracts "\_\_\_" \_\_\_\_\_ 20\_\_\_ year no. \_\_\_\_.
35. All the terms of PPA are stable, do not depend on changes in the legislation of the Republic of Kazakhstan, and can only be changed by agreement with the Buyer.

**10. Details and signatures of the Parties.**

**The Seller**

\_\_\_\_\_

(full name)

al address: \_\_\_\_\_

ual address: \_\_\_\_\_

'fax: \_\_\_\_\_

l: \_\_\_\_\_

: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(bank name)

(position)

\_\_\_\_\_

(full name)

seal (if available)

**The Financial Settlement Center**

\_\_\_\_\_

(full name)

al address: \_\_\_\_\_

ual address: \_\_\_\_\_

'fax: \_\_\_\_\_

l: \_\_\_\_\_

: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(bank name)

(position)

\_\_\_\_\_

(full name)

seal (if available)