



100 MW Wind PPP Project Uzbekistan

Project Teaser

April 2020



Contents

1 INTRODUCTION

2 PROJECT STRUCTURE

3 PROJECT LOCATION

4 TENDER PROCESS

A ANNEXURE: MARKET SNAPSHOT - UZBEKISTAN

Project Context

- As per the Nationally Determined Contribution (“NDC”) under the United Nations Framework Convention on Climate Change, the Government of Uzbekistan (“GOU”) is committed to the general goals of policy for improving energy efficiency and increasing the share of renewable energy in the country’s energy balance.
- The existing power balance in Uzbekistan is skewed heavily towards fossil fuel based generation. Most of the existing gas fired plants are old, with nearly 40% of the total generation capacity past or close to the end of their operating lives. In contrast, Uzbekistan’s economy is expected to grow rapidly in the coming years leading to a surge in power demand.
- In order to meet the power demand and to work towards the NDC objectives, GOU is implementing a strategy to deploy up to 30GW of additional power capacity by 2030, including 5 GW of solar, 3 GW of wind and 3.8 GW of hydro power capacity. As part of this initiative, GOU has launched a program for development of wind power projects, with support from the European Bank for Reconstruction and Development (“EBRD”)¹ for a capacity of up to 1GW under public-private partnership (“PPP”) modality.
- Through the current tender process, GOU wishes to procure the first project of the program, a 100 MW wind power plant and associated evacuation infrastructure (“Project”), at a site situated in the Qorao’zak district of Karakalpakstan in the Republic of Uzbekistan. GOU intends to develop the broader area with a total wind power capacity of 300 MW, with a subsequent tender aimed at procuring remaining 200 MW.

1. GOU acknowledges contribution of Government of Japan and EBRD shareholders, the donors of technical assistance supporting the Project.

INTRODUCTION (2/2)

Project Introduction

- A two-stage tender process with an initial Expression of Interest (“**EOI**”), a subsequent Request For Qualification (“**RFQ**”) process, followed by a Request For Proposal (“**RFP**”) process will be implemented in order to attract and select a qualified private developer-investor for the Project (the “**Private Partner**”). The tender process will be implemented by Ministry of Energy (“**MOE**”), Ministry of Investment and Foreign Trade (“**MIFT**”) and Public - Private Partnership Development Agency under the Ministry of Finance (**PPPDA**), with support from EBRD.
- EBRD has appointed a team of international experts (“**Advisors**”) to implement the tender:
 - ❑ Financial and Lead Advisor: Synergy Consulting Infrastructure & Financial Advisory Services Inc.
 - ❑ Legal Advisor: Dentons Europe
 - ❑ Technical and E&S Advisors: Gopa-Intec and Juru Energy

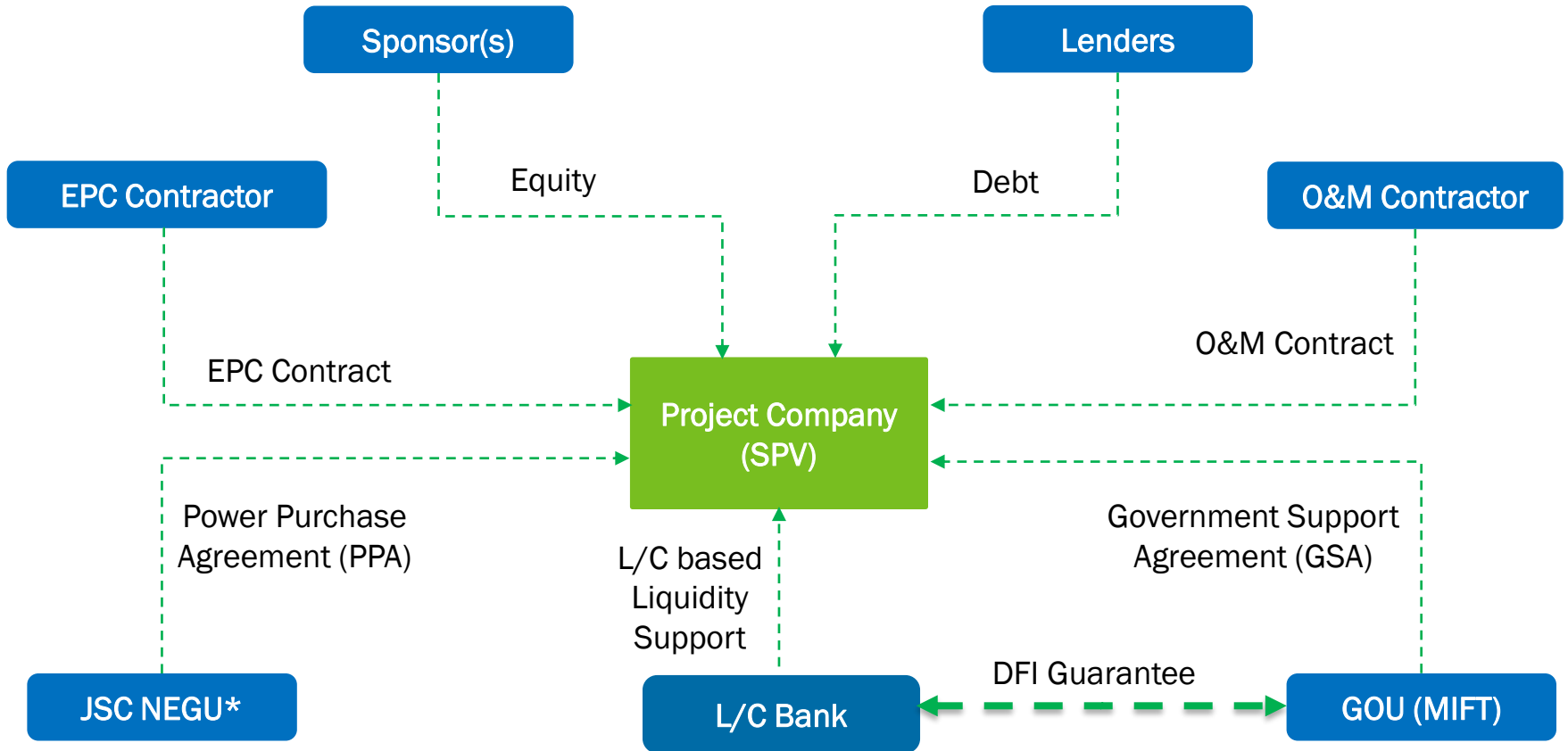
Regulatory Framework

- The Project will be structured according to the laws of Uzbekistan.
- The legal framework will assist in ensuring transparency of the procurement process, timeliness of delivery, balanced and bankable risk allocation and value for money for GOU.

PROJECT STRUCTURE (1/2)

Contractual Structure

The following is an illustrative contractual structure envisaged for the Project:

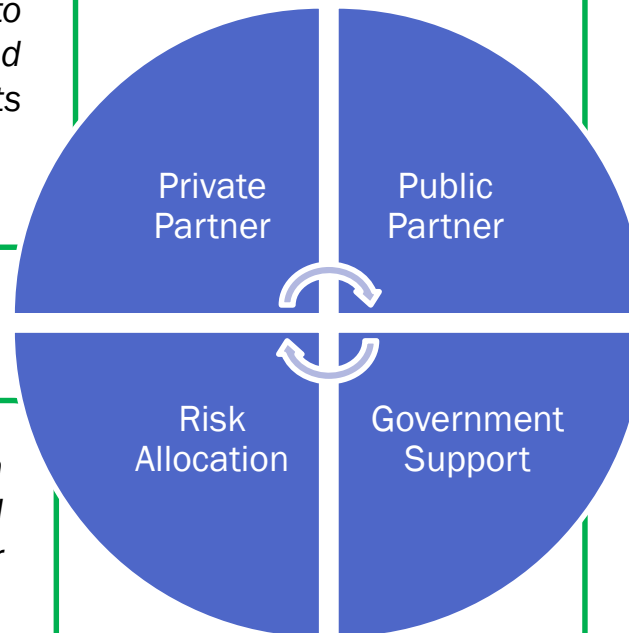


*National Electric Grid Company of Uzbekistan

Other Key Aspects

- Sponsors to be a single entity, group of companies or consortium
- Successful bidder to incorporate Uzbek entity and to assign project agreements to Uzbek entity

- JSC National Electric Grid Company of Uzbekistan (NEGU) as signatory to the PPA for the term of 25 years
- Ministry of Investment and Foreign Trade, as signatory to Government Support Agreement (GSA), on behalf of GOU

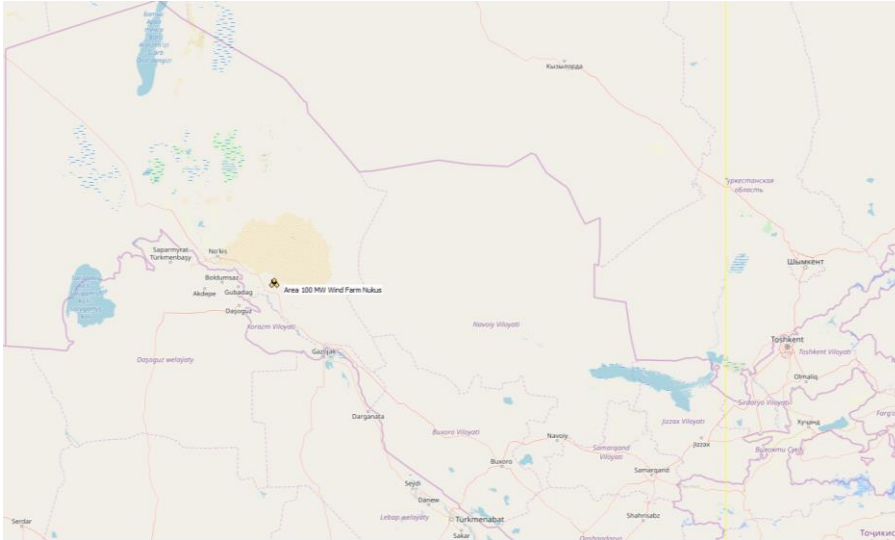


- The risk allocation will be in line with international and Uzbek precedents for similar transactions, thereby ensuring bankability of the project

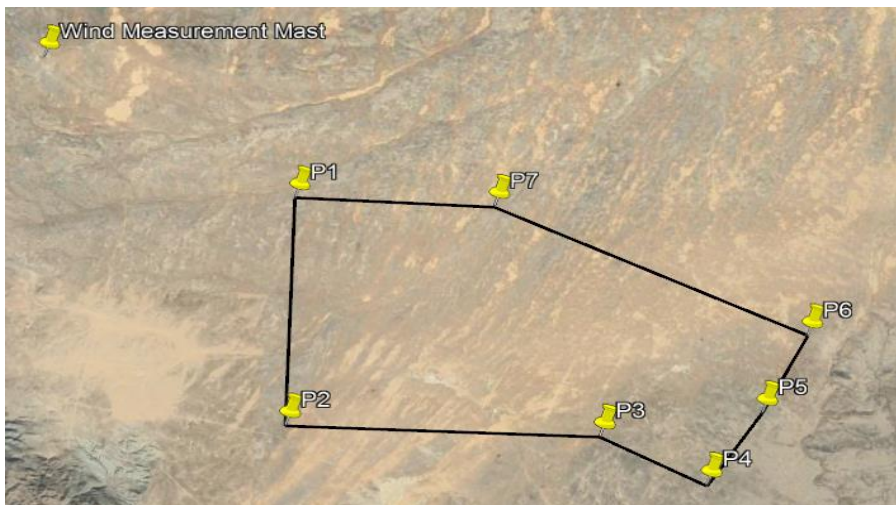
- GOU will provide support under GSA, including bankable termination provisions, liquidity support in the form of a Letter of Credit from an acceptable bank, and support in land allocation

The tariff will be a single part output based tariff 100% indexed to US Dollars but payable in Uzbek So'm.

Project Location inside Uzbekistan



Site Location

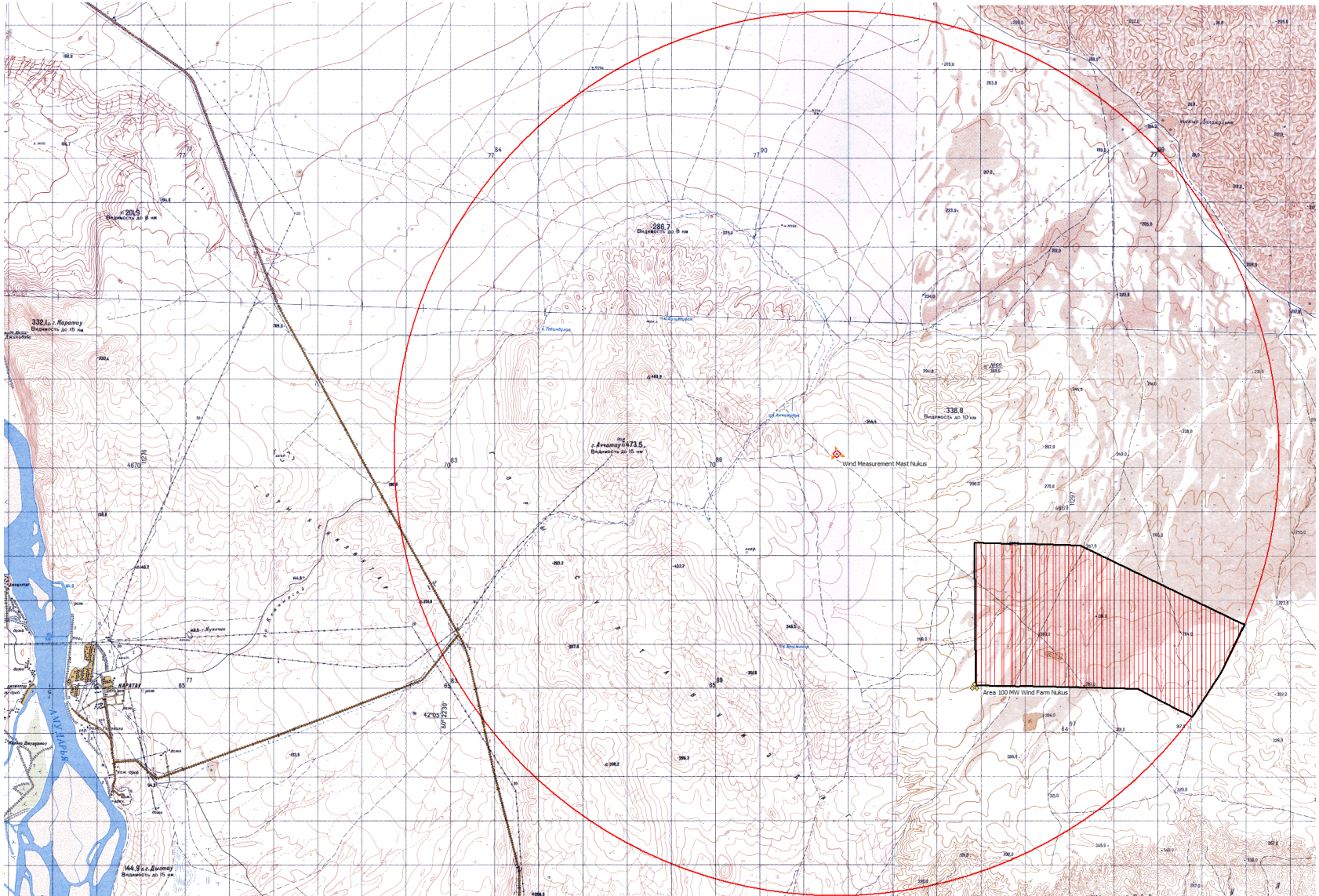


- The project area is located at Qorao'zak district of Karakalpakstan, 90 km south-east of Nukus city, in the Republic of Uzbekistan.
- The area has the wind speed of about 7.6 m/s measured at hub height within the area at 112 m above ground level
- The site has a wind measurement mast located at 291740.0 East and 4668387.0 North (UTM WGS 84, zone 41).
- The land is situated inside the following coordinates (UTM WGS 84, zone 41):

Point	Easting	Northing
P1	294852.4	4666384.4
P2	294872.3	4663156.9
P3	298539.6	4663076.6
P4	299781.6	4662441.7
P5	300430.8	4663438.8
P6	300966.0	4664527.6
P7	297240.1	4666312.4

PROJECT SITE LOCATION

Project Location on 50,000 scale Topographical Map



Environmental and Social requirements

- EBRD has conducted an Environmental and Social Scoping (ESA) to provide guidance on development of the Project, in line with EBRD Environmental and Social Policy 2019.
- The proposed Project is required to be developed in accordance with:
 - National laws and regulations;
 - EBRD Performance Requirements;
 - Environment, Health and Safety (EHS) Guidelines (General and Industry Sector): General EHS Guidelines (April 2007);
 - Environment, Health and Safety Guidelines for Wind Energy (August 2015);
 - Environment, Health and Safety Guidelines Electric Power Transmission and Distribution (April 2007).
- **Land:** 1636 ha of land, upon which the project is proposed to be located is owned by the State and is subject to involuntary resettlement.
- **Land use:** Currently the land is uninhabited and used for livestock grazing.
- **Avifauna:** An initial avifauna screening study was undertaken during the Autumn (2019) migration season. A further 9 month bird monitoring (starting Autumn 2019) is currently ongoing on behalf of EBRD.

Tender Process Snapshot

- A two stage tender process² will be implemented for selecting a Private Partner for the Project.
- At the onset, interested bidders are invited to submit an Expression of Interest (EOI).
- As part of the first stage of the tender process, a Request for Qualification (RFQ) document is expected to be released in June '20, only to parties which have successfully submitted an EOI.
 - ❑ The criteria for pre-qualification to be communicated in the RFQ;
 - ❑ Advisors to assist MOE and MIFT in pre-qualification of the prospective bidders;
 - ❑ Prequalified bidders are expected to be selected and notified in 8-10 weeks from issuance of RFQ.
- The second stage of the tender process will start with issuance of a Request for Proposal (RFP), expected to be launched in September '20.
 - ❑ Only prequalified bidder will be requested to submit bids;
 - ❑ Key Project documents including PPA, GSA and Land Lease Agreement to be included in the RFP;
 - ❑ Technical, financial and legal criteria for bidder selection to be communicated in the RFP;
 - ❑ Advisors to assist MOE and MIFT in the selection of winning bidder and signing of documents.

2. The tender process and timelines may change at Tender Committee's discretion

TENDER PROCESS (2/3)

Tender Process Timelines

- The following timelines³ are envisaged for this tender process:

Expression of Interest Submission deadline	May 13, 2020
Issue of Invitation for RFQ	June 2020
RFQ Submission Deadline	July 2020
Prequalified bidders selected and announced	August 2020
Release of RFP package	September 2020
Pre-Bid Conference	October 2020
Submission of Bids	January 2021
Announcement of Preferred Bidder	March 2021
PPA/GSA signing	April 2021

3. The timelines are indicative and may change at Tender Committee's discretion

Invitation for Expression of Interest (EOI)

- The GOU now invites interested parties to submit an Expression of Interest (EOI) in accordance with the requirements set forth in the EOI announcement.
- Interested parties in the tender should deliver their Expression of Interest by electronic email, by no later than **May 13, 2020, 12:00 noon (Tashkent Time)**:
 - ❑ By electronic mail to the following recipients:
 - i. MOE: wind.nukus.tender@minenergy.uz
 - ii. MIFT: mf206@mift.uz
 - iii. Advisors: projectuzbek_wind_fa@synergyconsultingifa.com
- For any enquiries, please contact:
 - ❑ MOE: wind.nukus.tender@minenergy.uz
 - ❑ Advisors: projectuzbek_wind_fa@synergyconsultingifa.com

Disclaimer

- This document (the “Teaser”) has been compiled by MOE exclusively for the purpose of acquainting prospective investors to the Wind PPP Project in Qorao’zak district, Karakalpakstan.
- No representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by MOE, EBRD, Advisors, and other public entities as to the adequacy, accuracy, completeness or reasonableness of this Teaser or any further information, notice or other document at any time supplied in connection with the Project contemplated hereunder. MOE, EBRD, Advisors and other public entities shall not be liable for any losses, costs or expenses incurred by any prospective investor and other recipient of the Teaser as a result of relying on any statement or omission in the Teaser and any other information or communication received in connection with the Project.
- This Teaser is not intended to provide the basis for a decision to invest or participate in the Project. The information contained in this Teaser is not to be assumed to be correct subsequent to its date of issue. The Teaser does not contain or purport to contain all of the information that any prospective investor and other recipients of the Teaser may desire for the purpose of evaluating the Project. MOE, EBRD, Advisors and other public entities do not intend and do not assume any obligation to update or correct the information included in the Teaser. In all cases, any prospective investor and other recipient of the Teaser should conduct their own investigation and analysis of the Project and of the data and information set forth in the Teaser.

Annexure: Market Snapshot - Uzbekistan

ECONOMIC OVERVIEW – UZBEKISTAN

Country Overview

- Uzbekistan is one of the world’s only two doubly landlocked countries, with a population of over 33 million (2018)
- Services is the largest sector and accounts for 35.6% of GDP, followed by industry (32%) and agriculture (32.4%)
- Uzbekistan's growth has been driven primarily by state-led investments, and export of natural gas, gold, and cotton provides a significant share of foreign exchange earnings.

Key Economic Indicators

GDP

USD 50.5 BN
(2018)

GDP Growth Rate

5.1%
(2018)

Fiscal Balance

0.5% of GDP
(2018)

Government Debt

20.6% of GDP
(2018)

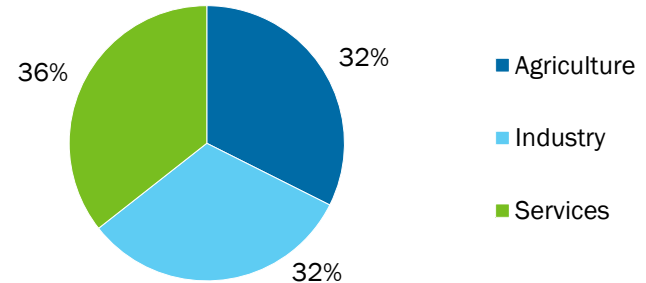
Long Term Rating

BB- (S&P)
B1 (Moody's)
BB- (Fitch)

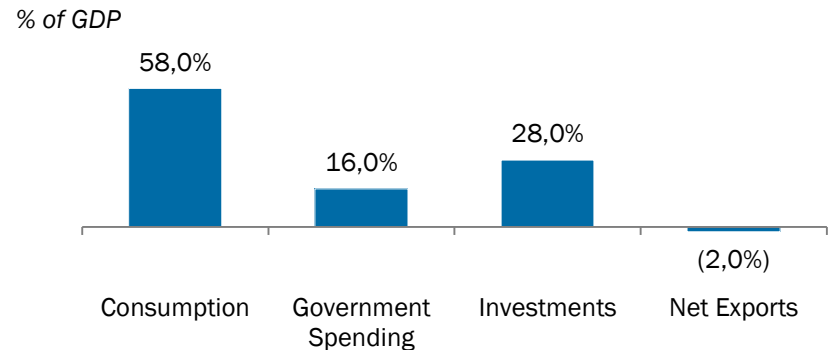
Forex Reserve

USD 27.1 BN
(2018)

GDP Composition – by sector of origin (2018)



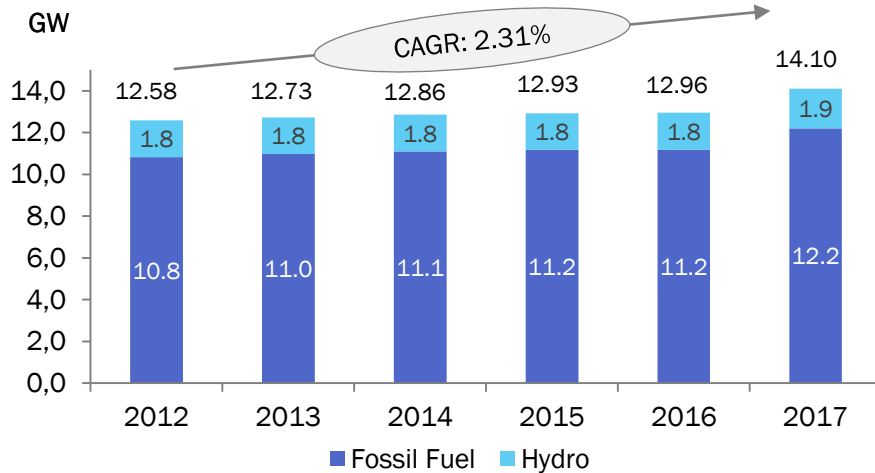
GDP Composition – by end use (2018)



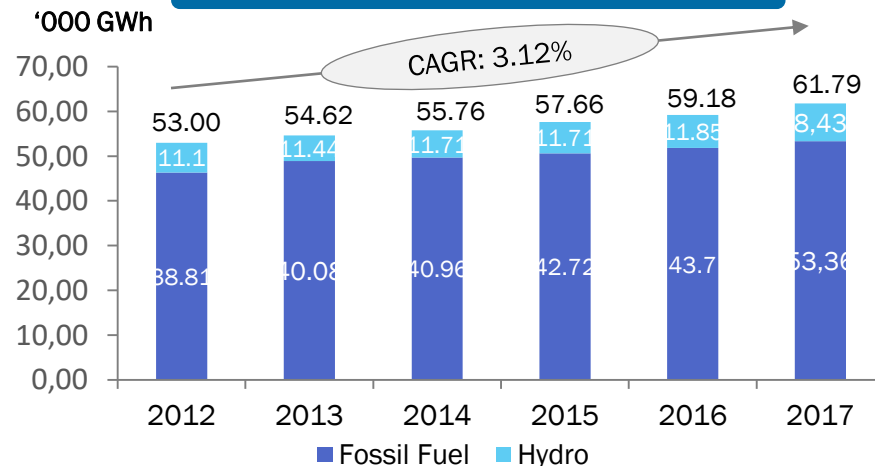
POWER SECTOR – UZBEKISTAN

Power Sector Evolution

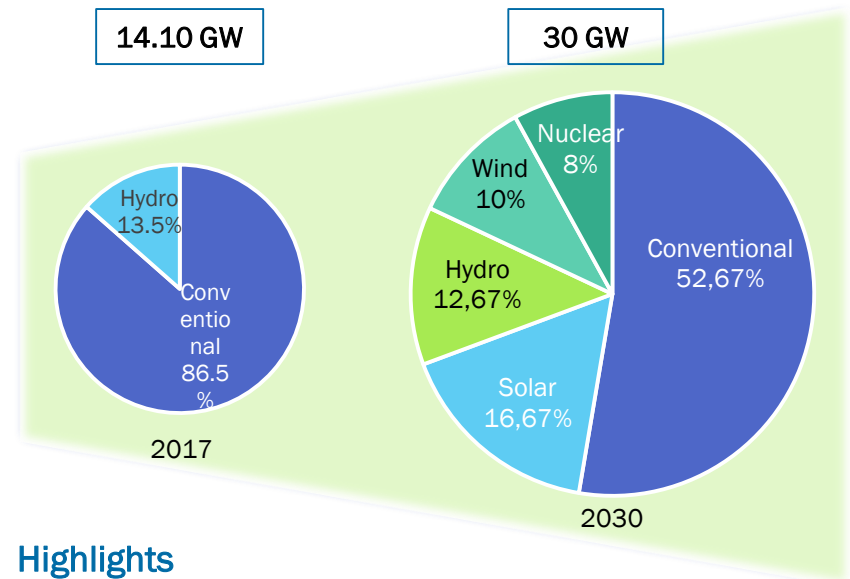
Source-wise Generation Capacity



Source-wise Generation



Installed Capacity Projection



Highlights

- The GOU announced a 10-year program to build 5 GW of solar power and 3 GW of wind power by 2030
- Accelerated development of renewable energy is required to diversify the generation mix, optimize the cost of power and meet clean energy targets
- GOU has recently implemented critical energy reforms, including the unbundling of Uzbekenergo and tariff reform with an aim of cost recovery in the sector.
- Investments of ~USD 12 billion on generation assets and ~USD 700 million in transmission assets are envisaged through 2025.