



Ministry of Investments
and Foreign Trade
of the Republic of Uzbekistan



O'ZBEKISTON RESPUBLIKASI ENERGETIKA VAZIRLIGI
MINISTRY OF ENERGY OF THE REPUBLIC OF UZBEKISTAN



PPPDA
PPP Development Agency

Guzar Solar PV Project

Project Teaser
September 2021



Trinity
INTERNATIONAL LLP

CENTIL.LAW

suntrace
— Member of Dornier Group

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| I | Background and Opportunity |
| II | Project Structure and Key Parties |
| III | Project Site Location |
| IV | Key Investment Highlights |
| V | Tender Process |

I. Background and Opportunity



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- The Government of the Republic of Uzbekistan (**GOU**) is implementing a large-scale renewable energy strategy to deploy till 2030 up to 8GW of cost effective and environment-friendly renewable energy generation to meet substantial increase in demand across the country. As a significant element of this initiative, GOU has mandated the Asian Development Bank (**ADB**) to provide transaction advisory services to develop a program of photovoltaic stations across Uzbekistan with a total capacity of up to 1 GW (the “**Solar Program**”).
- The first project (“**Sherabad Project**”) to be developed under the Solar Program is located in the Sherabad district of Surkhandarya region with a total power capacity of 456.6 Mwac including a new 220kV substation and a 52km transmission line to connect to the Surkhan 220kV substation. The project is expected to achieve commercial closure imminently with a highly competitive tariff of 1.6144 US cents/kWh for the solar farm and 0.1901 US cents/kWh for the electric facilities.
- The GOU is currently preparing a second project under the Solar Program, in Guzar district of Kashkadarya region and intends to launch the tender in October 2021 (“**Guzar Project**” or the “**Project**”). The Project shall be structured in accordance with international best practices and will follow the Sherabad Project precedent as much as possible. Transparency of the procurement process, timeliness of delivery, balanced risk allocation, affordability of tariff and value for money for the GOU will be the key guiding principles for the successful delivery of the Project.
- ADB has hired a team of international experts to prepare the tender: Trinity International LLP as International Legal Counsel; Centil Law as Local Legal Counsel, and Suntrace GMBH as International Technical Expert.
- The Project is promoted by the JSC National Electric Grid of Uzbekistan (NEGU), the Ministry of Energy (**MOE**), the Ministry of Investments and Foreign Trade (**MIFT**), as well as the Ministry of Finance (MOF) and its Public-Private Partnership Development Agency (**PPPDA**).

II. Project Structure and Key Parties



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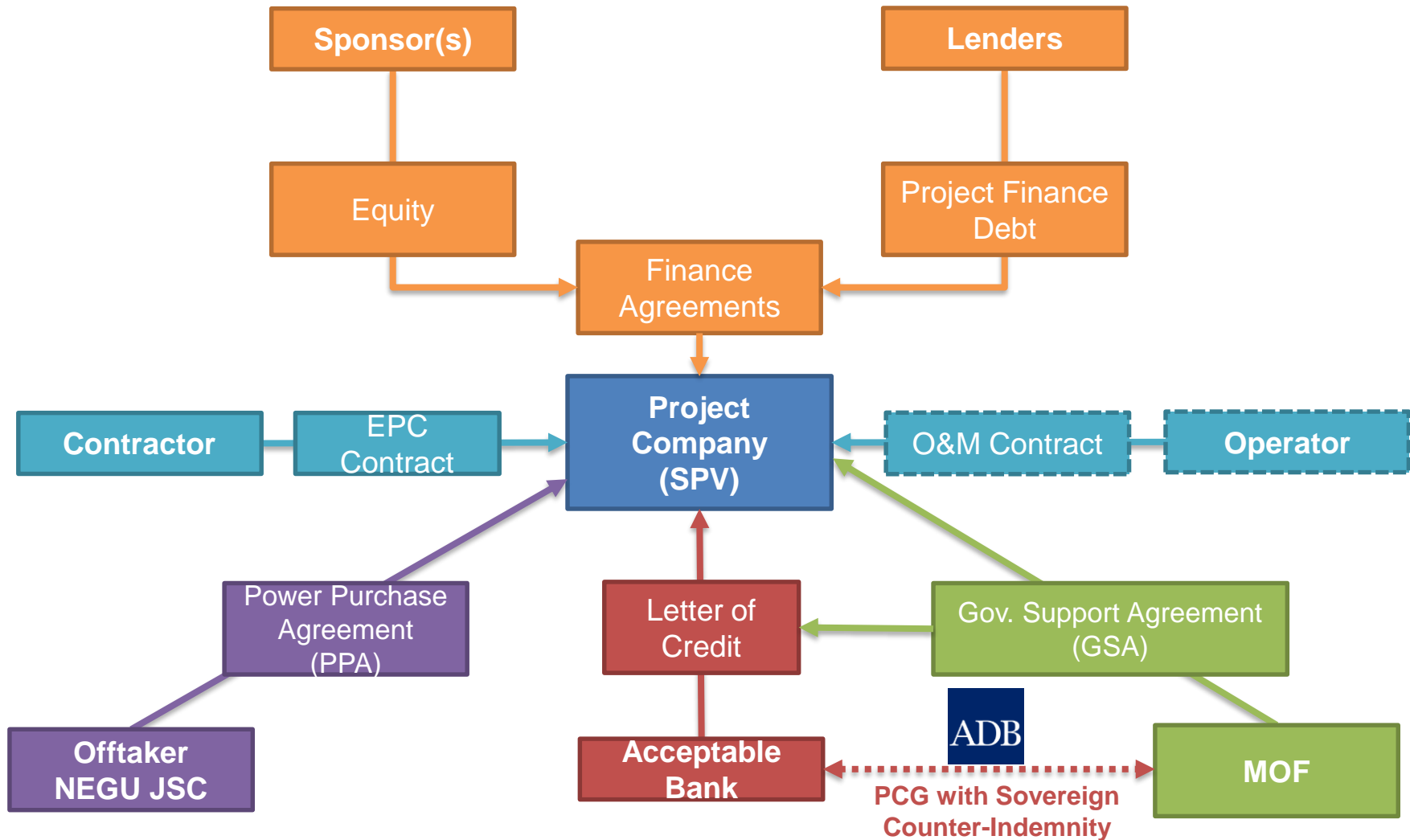


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| Project Scope | <ul style="list-style-type: none"> Design, Build, Finance, Own, Operate, Maintain (and Decommission or Transfer) a Solar PV Power Plant with a capacity of up to 300 Mwac and transmission line to the nearby substation. Project documents developed for the Sherabad Project will be used as precedents for the Project, and are to be adapted to include the necessary Project specific updates (e.g. for Project implementation under the PPP Law and supporting regulations). |
| PPA Term | <ul style="list-style-type: none"> 25 years from COD with transfer to NEGU or decommissioning at NEGU's choice. |
| Project Company | <ul style="list-style-type: none"> Sponsors to be a single entity or a group of companies, or a consortium to be prequalified according to financial resources and experience of developing similar solar projects. A successful bidder will need to incorporate an Uzbek entity to sign the PPA and implement the Project. |
| Offtaker and Government | <ul style="list-style-type: none"> NEGU as signatory of the Power Purchase Agreement and Land Lease Agreement. MOF, as representative ministry for the Government Support Agreement to the Project. |
| Liquidity Support | <ul style="list-style-type: none"> Project Company to benefit from a Letter of Credit from an Acceptable Bank and backed by a Partial Credit Guarantee (PCG) for ongoing payment obligations of NEGU to be provided by ADB, subject to ADB's policies, terms and conditions and approval procedure. |
| Lenders | <ul style="list-style-type: none"> Potential Bidders will be required to provide a detailed financing plan in their bid submission, including submission of a signed term-sheet from potential financiers and are encouraged to seek early involvement of their financiers to fund the Project. |

II. Project Structure and Key Parties



III. Project Site Location



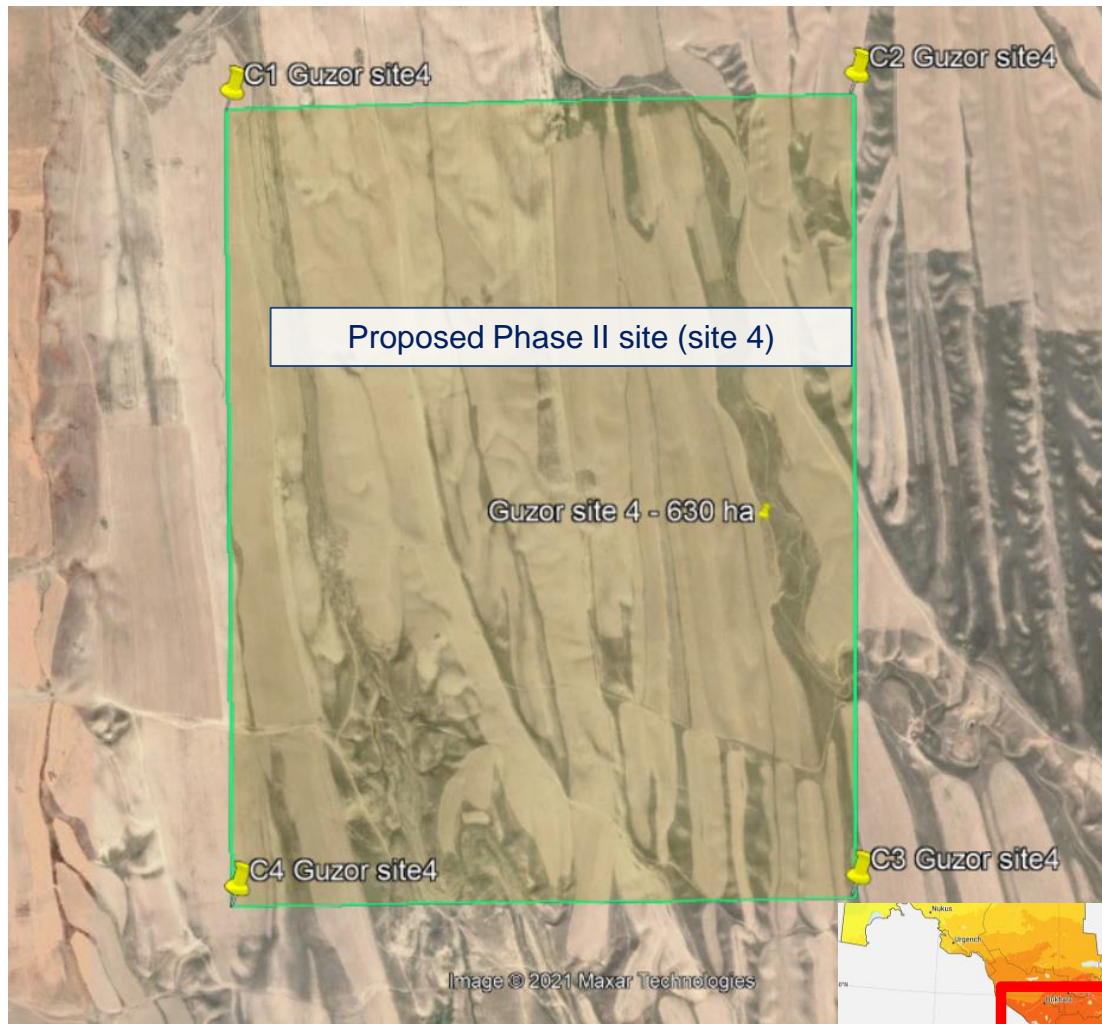
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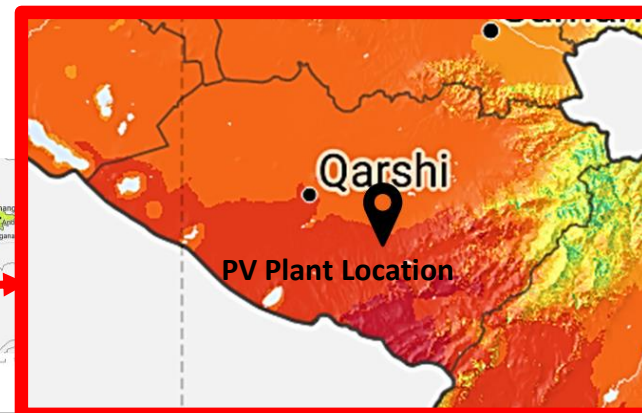
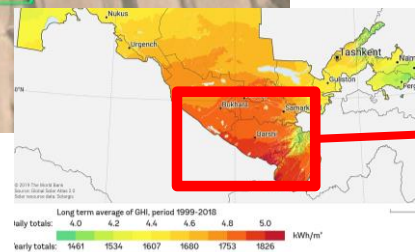
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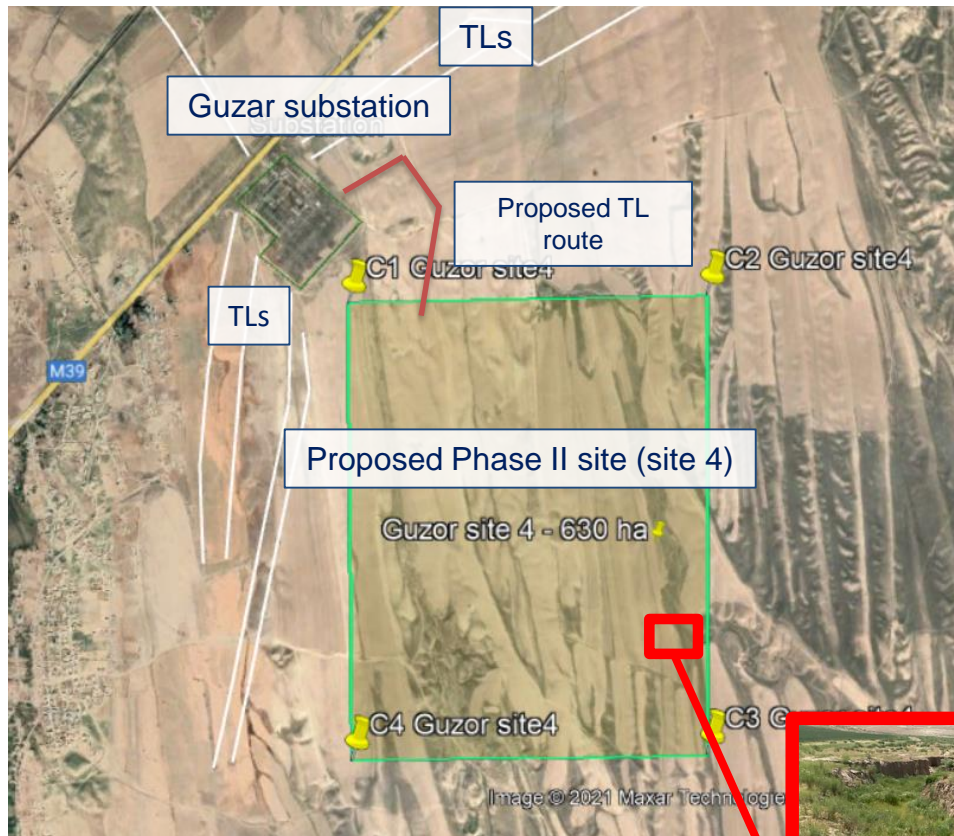
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- **Location**
 - $38^{\circ}41'28.23''\text{N} - 66^{\circ}21'40.26''\text{E}$
 - $38^{\circ}41'30.00''\text{N} - 66^{\circ}23'12.37''\text{E}$
 - $38^{\circ}39'58.36''\text{N} - 66^{\circ}23'12.29''\text{E}$
 - $38^{\circ}39'56.94''\text{N} - 66^{\circ}21'41.50''\text{E}$
- Altitude: approximately 498m
- Average temperature: 16.7°C
- Average wind speed: 2.81m/s
- Average GHI: 199.5 W/m^2
- Annual GHI: 1748 kWh/m^2



III. Project Site Location



- The Project will connect to the 220 kV Guzar substation (400m away), which is the main node in the Kashkadarya region and is interconnected with the electrical corridor that provide energy to neighbor countries.
- Site has an area of approximately 626 ha. The site has some flooding marks and high slope, and it is preferred to avoid construction at some of these areas. However, the remaining area is expected to be sufficient to set up a PV plant of 250-300MWac.



IV. Key Investment Highlights



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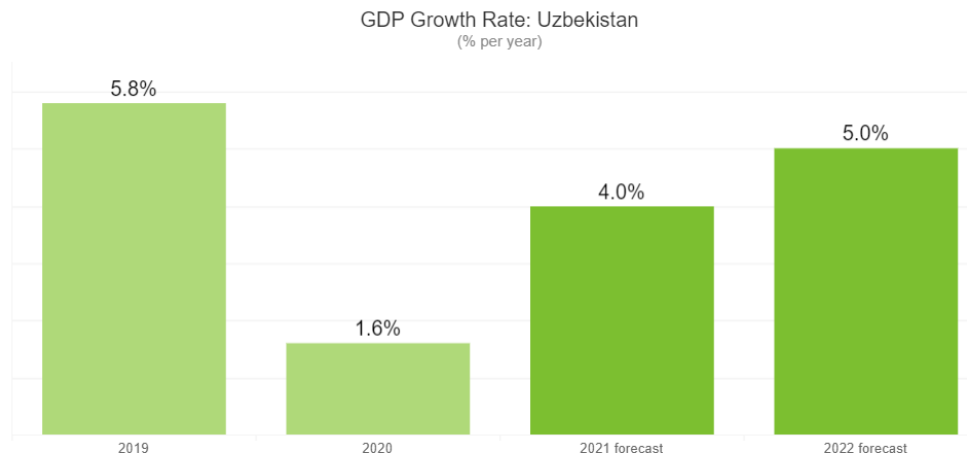
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- The GOU has embarked on an ambitious modernization program over the past four years to transform the economy via a market led growth model by improving the participation of the private sector in the economy.
- Several structural reforms have been undertaken since 2017 which has resulted in increase of the GDP growth rate including a) easing of trade restrictions, b) liberalizing the FX market, c) regulations to improve ease of doing business and d) enactment of the PPP Law to facilitate private sector participation in infrastructure as well as laws on renewable energy to improve energy security of the country.
- In January 2021, the GOU approved the amended PPP Law where PPPDA and the line agencies continuously engaged with ADB and other MDBs for improvements required on the basis of best policy practices and their transaction advisory experience. The Project is proposed to be implemented under the amended PPP Law.
- Globally, the GOU is one of the few countries which successfully managed the adverse impact of COVID-19 on the economy and who achieved economic growth of 1.6% in 2020. The GOU is expected to continue this economic trajectory with a forecast GDP growth of 5.0% in 2022.



Source: Asian Development Bank. Asian Development Outlook (ADO) 2021 (April 2021)

- Within the power sector, critical energy reform are underway, including the unbundling of Uzbekenergo, setup of the Energy Ministry and many other things. Significant investment is required mainly to accommodate load growth and to replace old inefficient thermal power plants. By 2025, \$11.67 billion of investment in generation assets, and \$0.71 billion in transmission assets will be required. By 2030, and 2038, both sectors combined will need investments of \$17.4 billion and \$22.2 billion respectively from both public and private sources (Source: Uzbekistan Power Master Plan)

IV. Key Investment Highlights



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| Uzbekistan Investment Climate | <ul style="list-style-type: none"> Rated BB- (S&P) with stable outlook and B1 (Moody's), Uzbekistan is one of the fastest growing economy in Central Asia Since 2017, GOU has been implementing decisive legislative, fiscal and monetary reforms to attract private sector and foreign investments in the country, including adopting a new PPP Law and Renewables law |
| Strong Rationale for Solar PV Projects and Commitment from the Government | <ul style="list-style-type: none"> The GOU is fully committed to enhance energy stability of the country and increase power assets with cost-effective and environment-friendly renewables projects, by implementing up to 5GW of solar power projects by 2030 as described in the Power Masterplan of the Ministry of Energy. Achievement of the early power supply by the country's first solar tender (Navoi) and the successful receipt of bids at competitive tariff for the largest solar tender (Sherabad) both occurred 2021, amidst globally challenging conditions brought about by the Covid-19 pandemic. |
| Offtaker Credit Enhancement | The Project will benefit from an L/C liquidity support mechanism backed by Partial Credit Guarantee to provide strong credit enhancement for the offtake, to be provided by ADB, subject to ADB's policies, terms and conditions and approval procedures. |
| Programmatic Approach and Solid Pipeline of Projects | Standardized Project and bidding documents to be used for the entire pipeline of projects under the Solar Program over the coming future tenders for up to 1GW in total capacity. |
| Bankable Project Documents | The Project documents developed with the support of ADB and advisors and adapted from the Sherabad Project, will be based on bankable international precedents with a balanced risk allocation in order to achieve the GOU's objectives, while attracting maximum interest from local and international sponsors. |
| Open, Fair and Transparent Process | GOU and ADB to ensure open, fair and transparent process to deliver the best possible outcome for the people of Uzbekistan. |
| Excellent Site Location | The Gubar site has ample solar resources, close access to the grid, no settlements, and established roads near the site. The site is 400m away from Gubar substation, which is the main node in the region and is interconnected with the electrical corridor that provide energy to neighbor countries. |

V. Tender Process: Indicative Timeline



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Request for Qualification (RFQ) Timeline

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| Issue of RFQ | October 2021 |
| RFQ Submission Deadline | December 2021 |
| Prequalified bidders selected and announced | January 2022 |

Request for Proposal (RFP) Timeline

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| Release of RFP package | February 2022 |
| Submission of Bids | May 2022 |
| Announcement of the Winning Bidder | June 2022 |
| PPA signing | July 2022 |

Email contacts for any information request:

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