



Ministry of Investments
and Foreign Trade
of the Republic of Uzbekistan



MINISTRY OF ENERGY
OF THE REPUBLIC OF UZBEKISTAN



200 MW Sherabad Solar PV PPP Project Uzbekistan

Request for Expression of Interest
1 February 2020



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& CASE

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I. Background and Opportunity



- The Government of the Republic of Uzbekistan (**GOU**) is implementing a large-scale renewable energy strategy to deploy in the next 10 years up to 5GW of cost effective and environment-friendly renewable generation to meet the large demand increase of the country.
- As part of this initiative, GOU has mandated the Asian Development Bank (**ADB**) to provide transaction advisory services on a program to develop a number of photovoltaic stations across Uzbekistan with a total capacity of up to 1,000MW under a public-private partnership (**PPP**) modality (the “**Solar Program**”).
- A site situated in the Sherabad district of Surkhandarya region has been selected to develop the first project for the construction of a photovoltaic station with a minimum capacity of 200MWac including a new 220kV substation and a 52km transmission line to connect to the Surkhan 220kV substation (the “**Project**”).
- The GOU is currently preparing an international tender with the assistance of ADB to attract and select a qualified private developer-investor for the Project (the “**Private Partner**”). The GOU now invites interested parties to submit an Expression of Interest (**EOI**) in accordance with the requirements set forth in this Request for EOI.
- ADB has hired a team of international experts to prepare the tender:
 - International Legal Counsel: White & Case
 - Local Legal Counsels: White & Case and Centil Law
 - International Technical : Suntrace Gmbh
 - Financial Modeling : Synergy Consulting

I. Background and Opportunity (ii)



- The Project structure will follow international best practice and will be based on well banked precedents. Transparency of the procurement process, timeliness of delivery, balanced risk allocation, affordability of tariff and value for money for the Government of Uzbekistan will be the key guiding principles for the successful delivery of the Project.
- It is expected that the Project will be structured under the Public Private Partnership Law dated May 10, 2019 (the “**PPP Law**”). The Project will also take into account the requirements established by the Renewable Energy Use Law dated May 21, 2019 (the “**RE Law**”).
- The Project is promoted by the Ministry of Investments and Foreign Trade (**MIFT**), the Ministry of Energy (**MOE**), as well as the Public - Private Partnership Development Agency under the Ministry of Finance (**PPPDA**).
- It is intended that the Cabinet of Ministers of the Republic of Uzbekistan will authorize the following entities as Public Partners for the Solar Program:
 - i. JSC National Electric Networks of Uzbekistan (**NENU**), as sole offtaker of electricity and signatory of the Power Purchase Agreement (**PPA**); and
 - ii. MIFT, as signatory of the Government Support Agreement (**GSA**);
(PPA and GSA being the “**PPP Agreement**”).

II. Project Structure and Key Parties



MIFT



MOE



PPPDA



ADB

Project Scope

- Design, Build, Finance, Own, Operate, Maintain (and potentially Decommission) a Solar PV Power Plant with a minimum capacity of 200 MWac
- Design, Build, Finance the 220kV substation and 52km transmission line to connect to the Surkhan 220kV substation and Transfer to NENU at Commercial Operations Date (**COD**) of the Project against a capped lumpsum payment

PPA Term

- 25 years from COD with transfer to NENU or decommissioning at NENU's election

Private Partner

- Sponsors to be single entity, group of companies, or consortium to be prequalified according to financial resources and experience of developing similar solar projects
- Successful bidder will need to incorporate an Uzbek entity and to assign the project agreements to such Uzbek entity

Public Partners

- JSC NENU as signatory of the PPA
- MIFT, as signatory of the GSA on behalf of GOU

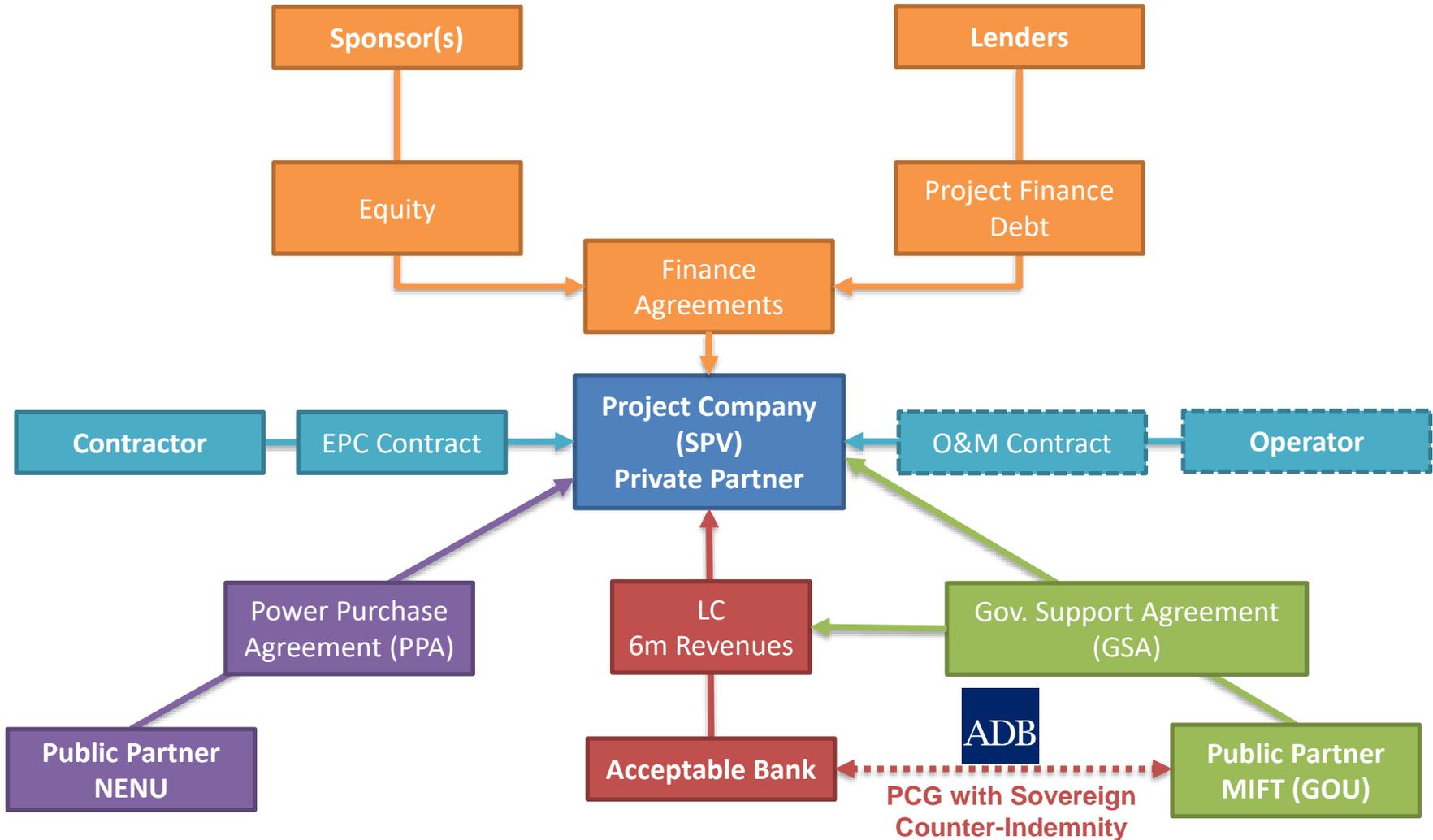
Liquidity Support

- Project Company to benefit from a Letter of Credit from Acceptable Bank and backed by a Partial Credit Guarantee (**PCG**) for ongoing payment obligations of JSC NENU to be provided by ADB, subject to ADB's policies and procedures

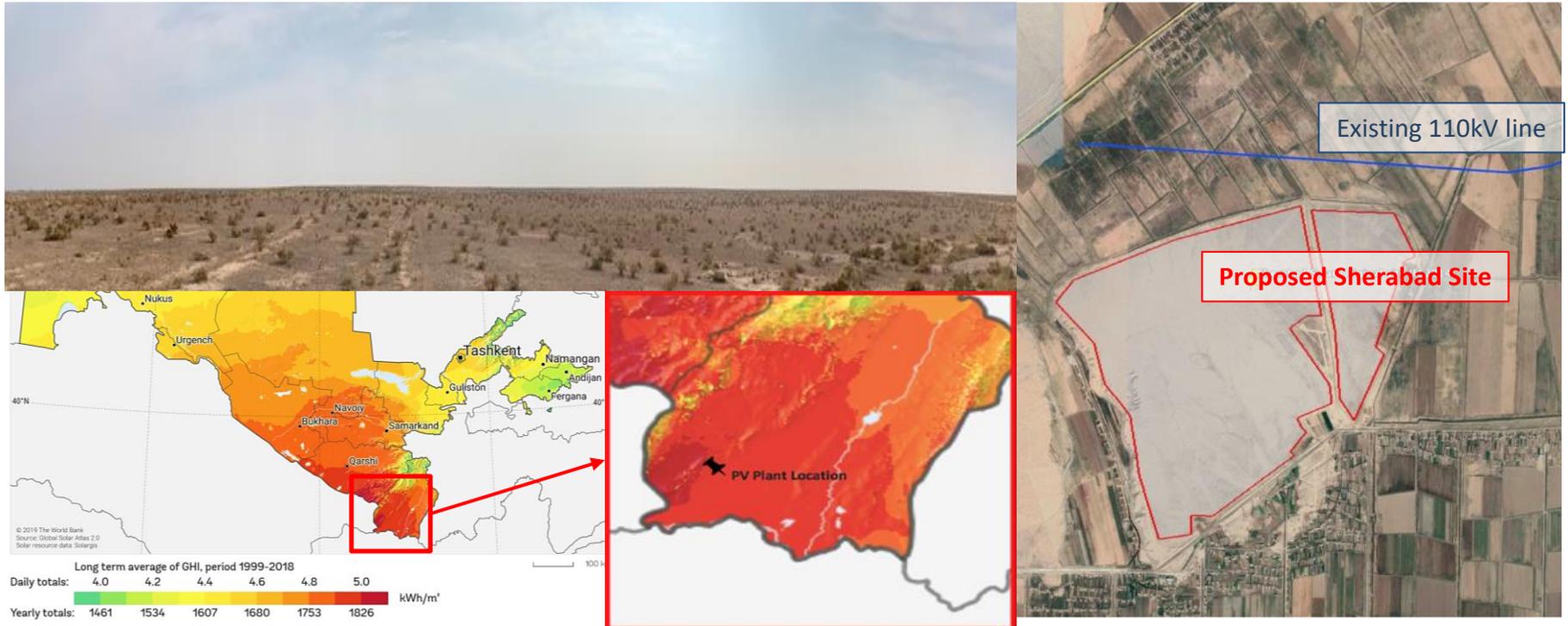
Lenders

- Potential Bidders will be required to provide detailed financing plan in their bid submission, including 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 (ii)

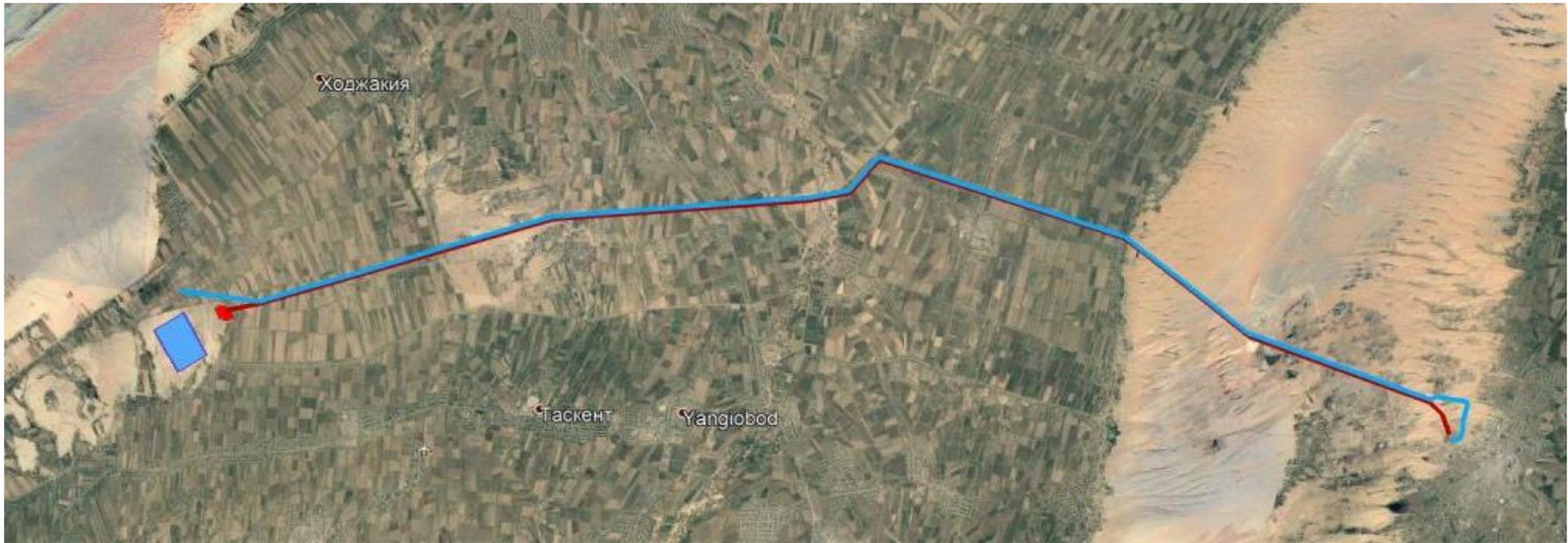


III. Project Site Location



- The Project site extends for an area of almost 600ha, divided by a road with 500ha west of the road, and 100ha east of the road
- The site is reached via an Asphalt road from Sherabad, branching off M39 allowing direct access onto the site (2km from the road)
- The area has excellent solar irradiation with an average estimated GHI of [1810-1850] kWh/m² (coordinates: 37.533560, 66.860557)
- The land is a flat and empty area perfectly suited for a PV plant of 200MW

III. Project Site Location (ii)

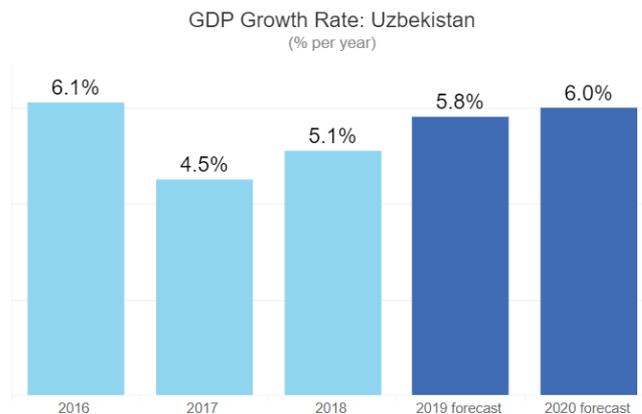


- The Project is of strategic importance to the GOU given its the first major power project to be developed in the Surkhandarya region which is currently supplied power from other regions of the country
- The Project site is 46km west of the Surkhan substation which is the main hub for electricity supply within the Surkhandarya region and for electricity exports hence being the ideal location for power offtake from the Project
- The 52km long 220kV transmission line will likely follow the route of an existing 110kV line, therefore easing the construction and reducing the environmental impact (to be confirmed by a pre-engineering study to be provided to bidders)

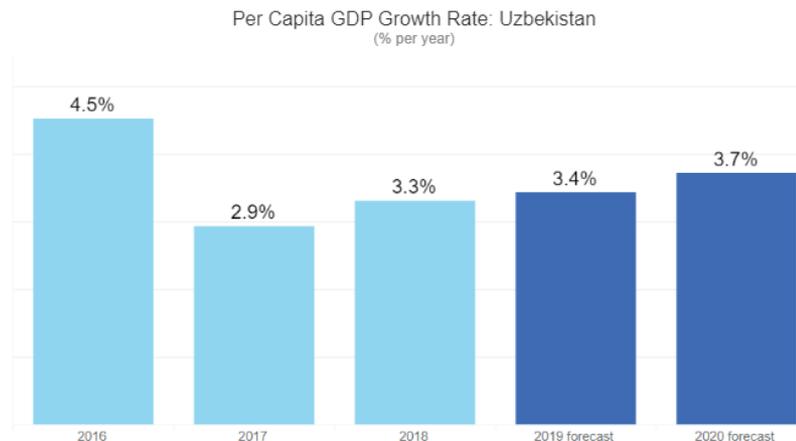
IV. Key Investment Highlights - Uzbekistan



- The GOU has embarked on an ambitious modernization program over the past three years to transform the economy via a market led growth model by improving the participation of the private sector in the economy
- A number of 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 new laws on PPP's to facilitate private sector participation in infrastructure and laws on renewable energy to improve energy security of the country



Source: Asian Development Bank. *Asian Development Outlook 2019 Update*



Source: Asian Development Bank. *Asian Development Outlook 2019*

- Within the power sector, critical energy reform, including the unbundling of Uzbekenergo and tariff reform to aim for cost recovery in the sector have been implemented. 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



Uzbekistan Investment Climate	<ul style="list-style-type: none"> • Rated BB- (S&P) 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 in June 2019
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 security 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 GOU Power Masterplan • Successful award and PPA signing of the first solar tender happened in 2019
Offtaker Credit Enhancement	<ul style="list-style-type: none"> • 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 and procedures
Programmatic Approach and Solid Pipeline of Projects	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The Project documents developed with the support of ADB and advisors, 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	<ul style="list-style-type: none"> • GOU and ADB to ensure open, fair and transparent process to deliver the best possible outcome for the people of Uzbekistan
Excellent Site Location for a Solar PV Project	<ul style="list-style-type: none"> • The Surkhandarya region has the best solar irradiance of Uzbekistan and the chosen land benefit from excellent characteristics for the development of a Solar PV plant

V. Tender Process



- The PPP procurement process will be governed by the PPP Law
- Request for Qualification (**RFQ**) is expected to be launched in **March 2020** to parties which have submitted an EOI
 - Criteria for pre-qualification to be communicated in the RFQ
 - ADB to assist the MOE and MIFT in finalizing the list of prequalified bidders
 - Prequalified bidders to be selected and notified in **April 2020**
- Request for Proposal (**RFP**) is expected to be launched in **May 2020**
 - Only prequalified bidder shall be requested to submit bids
 - Technical, commercial and legal criteria for bidder selection to be communicated in the RFP
 - Key Project documents including PPA, GSA and form of Land Agreement to be included in the RFP
 - ADB to assist the MOE and MIFT in selecting the winning bidder and signing the Project documents

V. Tender Process: EOI Submission



- Interested parties in the tender should send their Expression of Interest (Form Attached) by no later than **22 February 2020, 12:00 noon (Tashkent Time)**:
 1. By physical mail to the following address:
 - i. MIFT: **Ministry of Investments and Foreign Trade**
c/o Mr. Abdukakhkharov
Islam Karimov Street, 1
Tashkent Uzbekistan, 100029
 - ii. MOE: **Ministry of Energy**
c/o Mr. Abbasov and Mr. Umarbekov
Istiqbol str. 21
Tashkent, Uzbekistan 100047
 2. And by electronic mail to the following recipients:
 - i. MIFT: mf206@mift.uz
 - ii. MOE: sherabad_pv_tender@minenergy.uz
 - iii. ADB: sherabad-solar@adb.org

V. Tender Process: Timeline



Request for Qualification (RFQ) Timeline

Issue of Invitation for RFQ	March 2020
RFQ Submission Deadline	April 2020
Prequalified bidders selected and announced	April 2020

Request for Proposal (RFP) Timeline

Release of RFP package	May 2020
Pre-Bid Conference	May 2020
Submission of Bids	July 2020
Announcement of Preferred Bidder	August 2020
PPA/GSA signing	September 2020

- *The information contained in this Request for Expression of Interest ("EOI"), document or subsequently provided to the applicant(s), whether verbally or in documentary form by or on behalf of the Government of the Republic of Uzbekistan represented by JSC National Electric Networks of Uzbekistan (NENU), supported by the Ministry of Investment and Foreign Trade (MIFT), the Ministry of Energy (MOE), assisted by the Public Private Partnership Development Authority (PPPDA), or any of their respective representatives, employees, consultants, agents or advisors ("Representatives"), is provided to applicant(s) on the terms and conditions set out in this EOI and any other terms and conditions subject to which such information is provided.*
- *This EOI is not an agreement and is not an offer by NENU, MIFT, MOE, PPPDA, or any of their respective Representatives, to applicant(s) or any other person. The purpose of this EOI is to provide applicants with information to assist the formulation of their application.*
- *This EOI does not purport to contain all the information each applicant may require. This EOI may not be appropriate for all persons and it is not possible for NENU, MIFT, MOE, PPPDA, or any of their respective Representatives to consider the investment objectives, financial situation and particular needs of each party who reads or uses this EOI. Certain applicants may have a better knowledge of the proposed Project than others. The assumptions, assessments, statements and information contained in the EOI may not be complete, accurate or adequate. Each applicant should, therefore, conduct its own investigation and analysis and should check the accuracy, reliability and completeness of the information in this EOI and obtain independent advice from appropriate sources which may include but shall not be limited to their own independent financial, legal, accounting, engineering, technical or other experts.*
- *NENU, MIFT, MOE, PPPDA and their respective Representatives:*
 - *accept no responsibility for the accuracy or otherwise for any interpretation or opinion of law expressed in this EOI;*
 - *make no representation or warranty (express or implied) as to the accuracy, adequacy or completeness of this EOI or any responses to requests for clarifications made by the applicants;*
 - *shall not be liable to any applicant, for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this EOI or otherwise, including without limitation: the accuracy, adequacy, correctness, completeness or reliability of the EOI or any information contained within it; any omission, mistake or error on the part of an applicant; or NENU's, MIFT's, MOE's, or PPPDA's responses to queries or requests for clarifications made by the applicants; or any assessment, assumption, statement or information contained therein or deemed to form part of this EOI or arising in any way from participating in the bidding process; and*
 - *reserve the right to accept or reject any or all proposals or cancel the bidding process without assigning any reason and shall not bear any liability whatsoever and shall not bear any liability whatsoever in this regard.*