



Ministry of Investments
and Foreign Trade
of the Republic of Uzbekistan



MINISTRY OF ENERGY
OF THE REPUBLIC OF UZBEKISTAN



Sherabad Solar PV Project Phase II

Project Teaser
December 2020

ADB

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I. Background and Opportunity



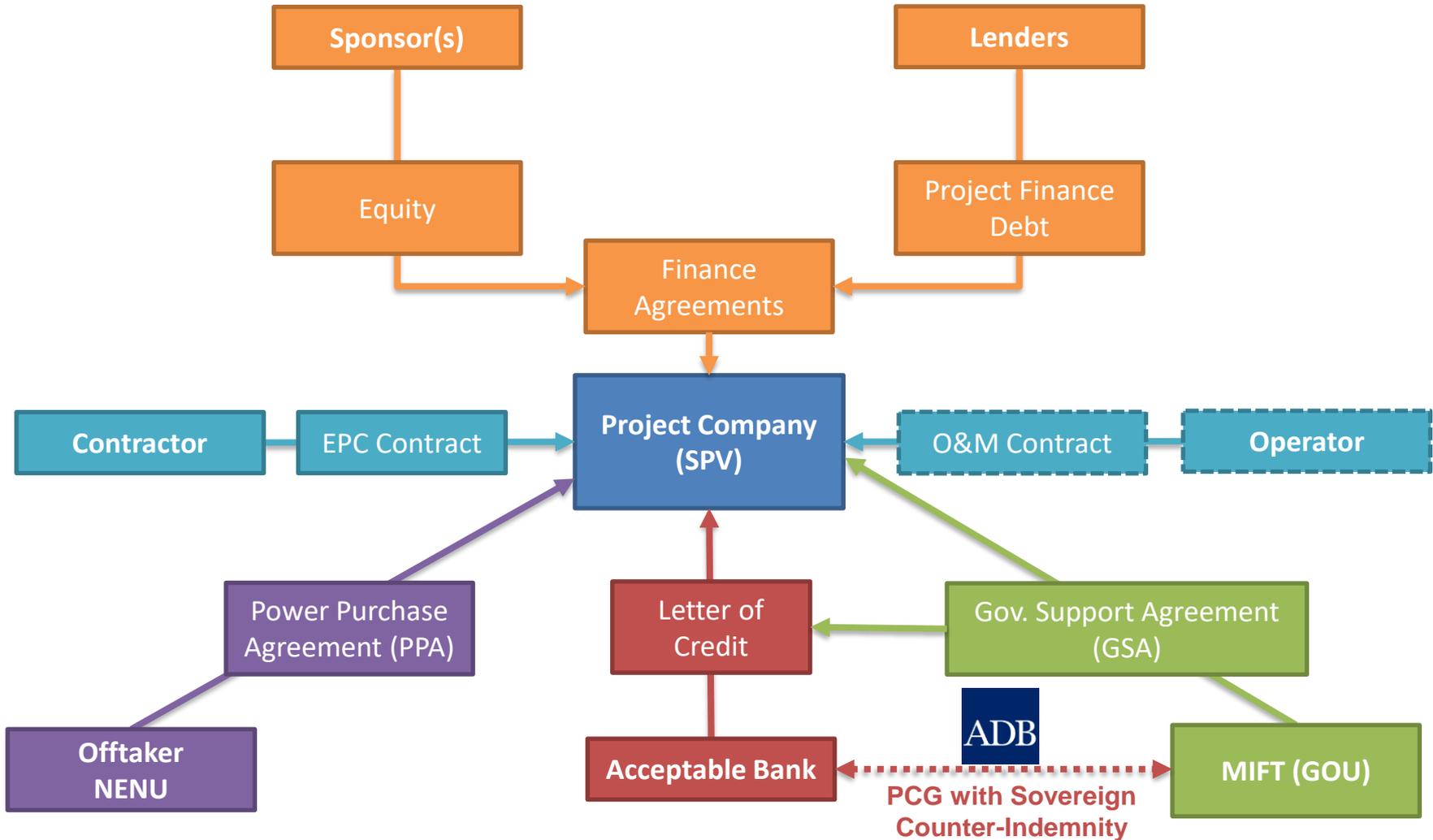
- The Government of the Republic of Uzbekistan (**GOU**) is implementing a large-scale renewable energy strategy to deploy in the next 10 years up to 5GW of cost effective and environment-friendly renewable generation to meet the large demand increase of the country.
- As part of this initiative, GOU 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 (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 first project is under tendering with the Request for Proposals (**RFP**) issued on 14 December 2020 with a deadline for submission on 15 March 2021. (“**Sherabad Phase I**”)
- The GOU is currently preparing a second project in the immediate vicinity of the first project site and intend to launch the tender early 2021 (“**Sherabad Phase II**” or the “**Project**”).
- 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.
- 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**).

II. Project Structure and Key Parties

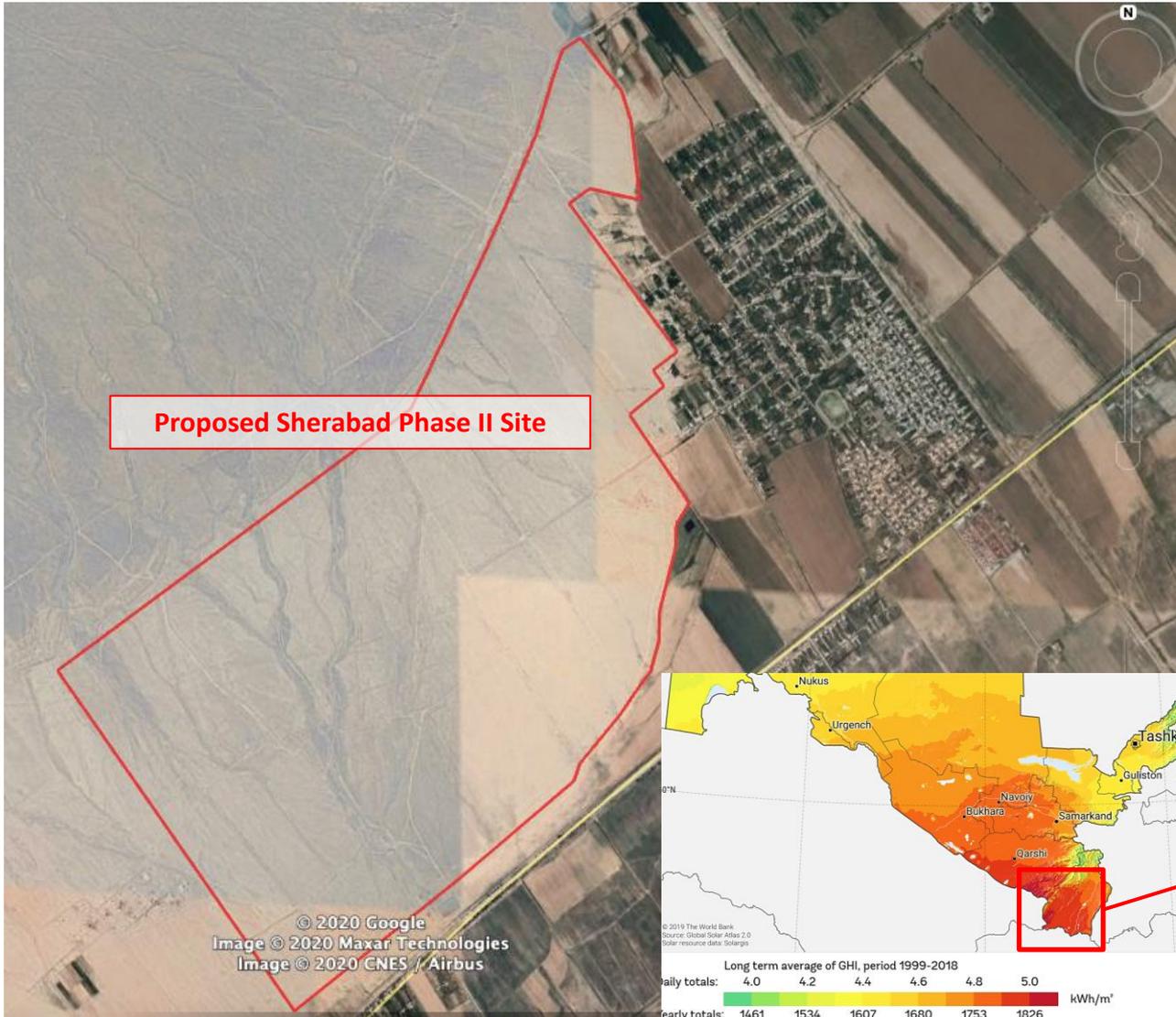


Project Scope	<ul style="list-style-type: none">• Design, Build, Finance, Own, Operate, Maintain (and potentially Decommission) a Solar PV Power Plant with a capacity of 150 to 300 MWac (the final capacity will depend on the outcome of the Sherabad Phase I project tender: the balance of Sherabad Phase I and Sherabad Phase II will be 500MWac in total).• The Project will connect to the 220kV substation to be built by the Sherabad Phase I project and will be linked to the Surkhan 220kV substation.
PPA Term	<ul style="list-style-type: none">• 25 years from COD with transfer to NENU or decommissioning at NENU's choice
Project Company	<ul style="list-style-type: none">• 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
Offtaker and Government	<ul style="list-style-type: none">• JSC NENU as signatory of the Power Purchase Agreement• MIFT, as representative ministry for Government support to the Project
Liquidity Support	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

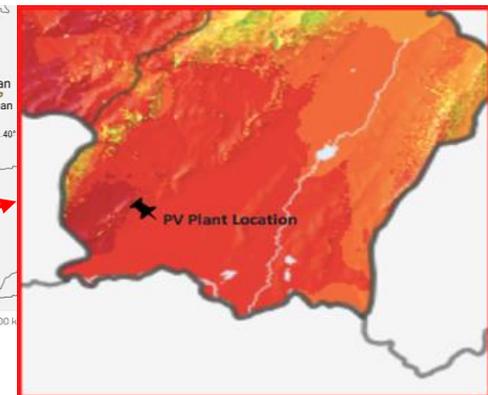
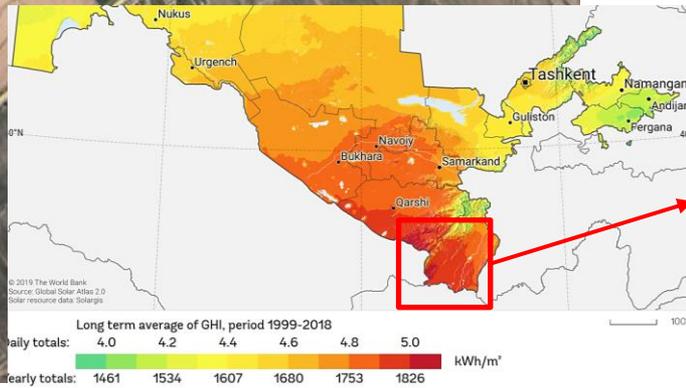
II. Project Structure and Key Parties (ii)



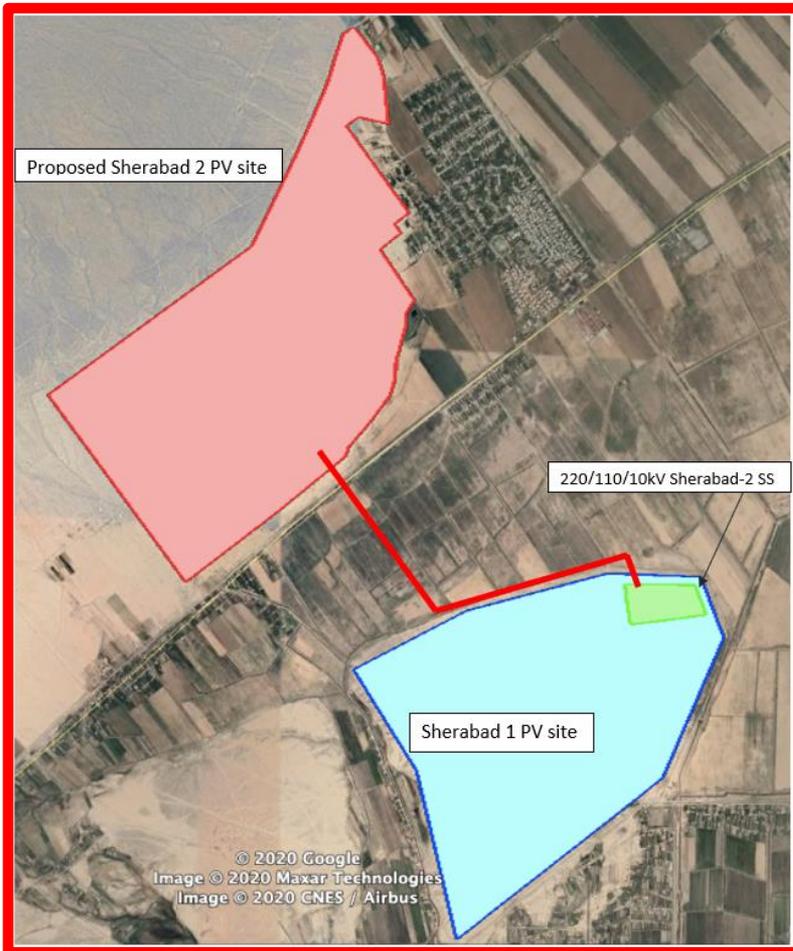
III. Project Site Location



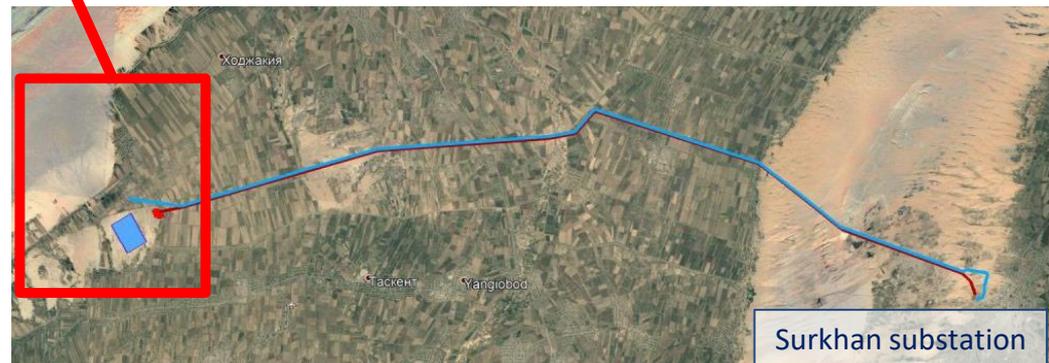
- Location
 - 37°33'47.81"N - 66°50'10.40"E
 - 37°32'20.10"N - 66°48'13.04"E
 - 37°31'39.57"N - 66°48'59.42"E
 - 37°32'57.66"N - 66°51'1.13"E
- Altitude: approximately 370m
- Minimum temperature: -20°C
- Maximum temperature: 46°C
- Average wind speed: 2.8m/s
- Maximum wind speed: 13.3 m/s
- Dust storms: 4 days/year



III. Project Site Location (ii)



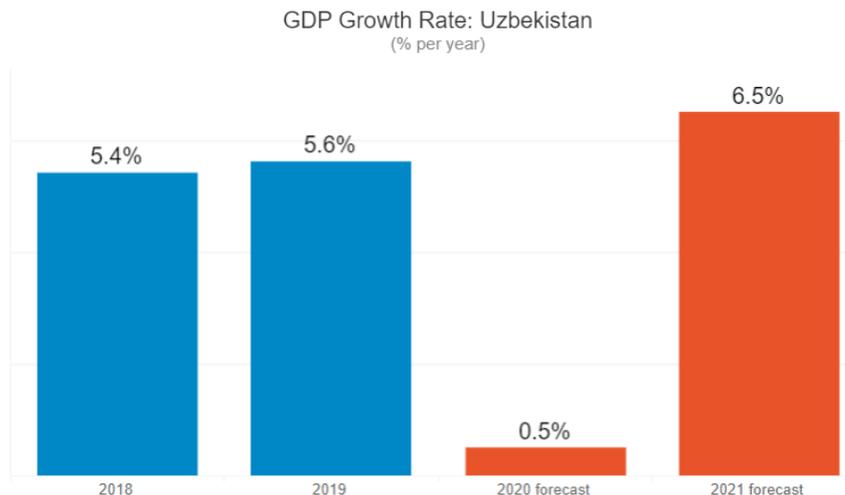
- The Project will connect to the Sherabad Phase I substation, by an overhead line of ca. 4km.
- Sherabad Phase I will be connected to the Surkhan substation, which is the main hub for electricity supply within the Surkhandarya region and for electricity exports.
- The Sherabad Phase II Project will be contractually protected from potential delays coming from the Sherabad Phase I project and a sufficient time buffer will separate the two projects construction timeline.



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
- 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 new laws on PPP's to facilitate private sector participation in infrastructure and laws on renewable energy to improve energy security of the country
- As per ADB's Asian Development Outlook, GDP growth is expected to bounce back to 6.5% in 2021 after a very low growth in 2020 due to the adverse impact of COVID-19 global pandemic.



Source: Asian Development Bank. Asian Development Outlook (ADO) 2020 Update (September 2020)

- 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: Indicative Timeline



MIFT



MOE



PPPDA



Request for Qualification (RFQ) Timeline

Issue of Invitation for RFQ	March 2021
RFQ Submission Deadline	April 2021
Prequalified bidders selected and announced	May 2021

Request for Proposal (RFP) Timeline

Release of RFP package	June 2021
Submission of Bids	August 2021
Announcement of Preferred Bidder	September 2021
PPA signing	November 2021

Email contacts for any information request:

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- ADB: sherabad-solar@adb.org

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