

# Power purchase agreement between financial settlements center and energy producing organization on use of renewable energy sources, by auction prices

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

\_\_\_\_\_,  
(full name of financial settlement center)  
registered at: 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 "Buyer", 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)

"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 4 July 2009 No. 165-IV On Support of the Use of Renewable Energy Sources (hereinafter – Law);
- 2) Rules of centralized purchase and selling by financial settlement center of electric energy produced by objects on use of renewable energy sources, approved by the order of Minister of Energy of the Republic of Kazakhstan dated 2 March 2015 No.164 (registered in the Register of legal acts state registration by No.10662) (hereinafter – Rules);
- 3) Rules of determining of feed-in tariffs and auction ceiling prices, approved by Government Decree dated 27 March 2014 No. 271;
- 4) application of Seller on signing this agreement (incoming number No. \_\_\_\_\_ dated \_\_\_\_\_ 20\_\_\_\_) (annex to the Rules);
- 5) the financial security for the fulfillment of the terms of the Agreement provided by the Seller in the amount of \_\_\_\_\_ (\_\_\_\_\_) KZT (name of document, date and number)
- 6) the intention of the Seller to sell the electric energy produced by the object on use of renewable energy sources (hereinafter – RES) to Buyer, at auction price, have concluded power purchase agreement (hereinafter – PPA) as follows.

## 1. Terms and definitions

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

- 1) PPA – power purchase agreement, signed between Seller and Buyer;
- 2) RES station – object on use of RES, which produce supplied electric energy;
- 3) supplied electric energy – all electric energy, produced by electric station, corresponding to the norms and requirements of the legislation of the Republic of Kazakhstan, delivered to the supply point;

4) supply point - the point of connection of the power plant to the electric grid of the energy transmission organization;

5) commercial accounting device - a technical device intended for commercial accounting of electric power, electric or thermal energy, authorized for use in the order established by the legislation of the Republic of Kazakhstan;

6) month of supply - the calendar month of the actual supply of supplied electric energy from the objects on use of renewable energy 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 final calculations of the volume of purchase and sale of the supplied electric energy;

7) working day – the day that is the working day for the Buyer;

8) date of commencement of commercial operation of the power plant - the date of the beginning of the complex testing of electric installations of the power plant;

9) 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;

10) the system operator is a national company that performs centralized operational dispatch management, providing parallel operation with the energy systems of other states, maintaining a balance in the power system, rendering system services and acquiring ancillary services to the subjects of the wholesale electricity market, as well as transferring electric power through the national electric grid, its maintenance and maintenance in operational readiness;

11) automated system of commercial metering of electrical energy (hereinafter referred to as ASCMEE) - a set of measuring instruments and a hardware and software complex for measuring, collecting, processing, storing and transmitting electric energy metering data;

12) auction price - the price for the purchase of electric energy produced by the object on use of renewable energy by financial settlement center, determined on the basis of auction results and not exceeding the level of the corresponding auction ceiling price.

Other terms used in the PPA are applied in accordance with the legislation of the Republic of Kazakhstan in the field of support for the use of RES and electric power.

## 2. Subject of PPA

2. In accordance with the PPA, the Seller sells, and the Buyer buys the entire amount of electric energy produced at the Seller's power plant and delivered to the supply point. The seller will generate electricity at the next RES plant (hereinafter – power plant):

1) name – \_\_\_\_\_;

2) type of power plant (depending on the type of renewable energy source used) - \_\_\_\_\_ (for solar power plants, the type of photoelectric module and the country of manufacture of the silicon used are additionally indicated);

3) sites on which the power station is located - cadastral number: - \_\_\_\_\_, total area of the land plot - \_\_\_\_\_ hectare;

4) total installed capacity of the generating equipment of the power plant, (MW);

5) the predicted utilization rate of the installed capacity of the power plant \_\_\_\_;

6) The point of connection to the power grid \_\_\_\_\_.

3. The price of electric energy under the PPA is the auction price, which is \_\_\_\_\_ (\_\_\_\_\_) for 1 (one) kilowatt-hour of electric energy excluding value-added tax. The annual indexation of the auction price is carried out in accordance with the order established by the Rules of determining of feed-in tariffs and auction ceiling prices approved by the Government of the Republic of Kazakhstan from \_\_\_\_\_ No. \_\_\_\_).

4. The change of the auction price as a result of its indexation or the order of indexation of the auction price shall be formalized by signing an additional agreement to the PPA specifying the date of commencement of the application of the relevant changes determined in accordance with the Rules of determining of feed-in tariffs and auction ceiling prices.

### 3. Accounting of volume and payment of electric energy

5. Accounting of the volume of supplied electricity is conducted on the basis of indications of commercial metering system of the Seller installed at the supply point.

6. After ensuring the functioning of the ASCMEE system at its site, the Buyer has the right to use the ASCMEE data to account for and determine the volume of supplied electricity by the Seller and commercial settlements between the Seller and the Buyer.

7. The financial settlement of electrical energy imbalances from objects on use of RES, including the power plant, is carried out by the Buyer in accordance with the Rules for the functioning of the balancing electricity market, approved by Order No. 112 of the Minister of Energy of the Republic of Kazakhstan of February 20, 2015 (registered in the Register of State Registration of Regulatory Legal Acts No. 10532).

8. In disputable cases, 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 NDC SO.

9. The electric energy produced by the power plant and supplied to the grid of the power transmission organization during the period of absence or malfunction of the metering devices installed at the supply point is not paid for by the Buyer and is not taken into account in the mutual settlements of the Parties. In this case, the fact and period of absence or malfunction of the commercial accounting devices from the Seller must be confirmed by the relevant act of the energy transmission organization to which the power plant is connected.

10. Electricity is paid by the Buyer within fifteen working days after the expiration of the payment period established for conditional consumers on the basis of the invoice provided by the Seller and the reconciliation statement of the volumes.

### 4. Rights and obligations of the Parties

11. Seller must:

1) monthly provide the Buyer with information on the actual daily output, electricity supply in the grid not later than the fifth day of the month following the supply month;

2) monthly, not later than the fifth day of the month following the supply month, provide the Buyer with the reconciliation of volumes and the invoice for the actual volume of electric energy supplied to the electric grid;

3) annually in the period from January 1 to January 31 reconcile the mutual settlements for the previous financial year;

4) monthly provide the financial settlement center with information on the forecast volumes of generation, supply in the electricity grid for ten calendar days prior to the supply month;

5) annually, by the 20th of December, send information on the forecast volumes of generation, supply in the electricity grid for the coming year, broken down by months;

6) in the event of termination of the PPA on its own initiative, notify the Purchaser in written form a month in advance of the proposed date of termination;

7) promptly notify the Buyer of changes in its name, legal address, actual location and other requisites necessary to fulfill the terms of the PPA;

8) before commencing commercial operation of the power plant, ensure the functioning of the ASCMEE in its object on use of renewable energy sources. ASCMEE should be able to remotely transmit data to the regional dispatch centers of the system operator;

9) within 10 (ten) working days from the date of signing the act of acceptance of the scheme for commercial accounting of electric power and before starting the complex test of the object on use of RES, provide the Financial Settlement Center with a copy of the acceptance certificate for the commercial metering scheme, object on the use of RES, signed between the energy transmission organization and the Seller for the object on use of RES, in respect of which the PPA is concluded;

10) in case of stage-by-stage commissioning of power plants of the RES facility, provide a copy of the interim certificate of integrated testing of power plants of the RES facility within 5 (five) working days from the date of its signing, but not later than the end of the supply month during which the complex test was conducted;

11) 10 (ten) calendar days prior to the beginning of the complex test, provide a copy of the comprehensive test program agreed by the system operator and a copy of the commissioning act of the ASCMEE;

12) ensure compliance with the daily schedules of electricity production in accordance with the legislation of the Republic of Kazakhstan;

13) if the installed capacity of the power plant is not less than one megawatt, comply with the operating modes set by the system operator of the power plant generating units in accordance with the legislation of the Republic of Kazakhstan;

14) provide a copy of the act of taking readings of commercial electricity metering devices signed between the object on the use of RES and the energy transmission organization to the electric grid of which an object on use of RES was connected in a form agreed with financial settlement center - not later than the seventh day of the month following the supply month;

15) provide a copy of the notice on the start of construction and installation works of the object on use of RES in respect of which a PPA has been concluded with the state authority exercising state architectural and construction control - within 12 (twelve) months from the date of signing the PPA;

16) provide a copy of the acceptance certificate for the object on use of renewable energy sources approved by the legislation of the Republic of Kazakhstan in the sphere of architectural, town-planning and construction activity to which the PPA was concluded - within 24 (twenty four) months from the date of signing PPA for solar power plants, within 36 (thirty six) months from the date of signing the PPA for wind and biogas power plants, within 48 (forty eight) months from the date of signing the PPA for hydroelectric power stations;

17) provide financial settlement center with a copy of the act of delineation of balance sheet and operational responsibility of the parties signed between the energy transmission organization and the Seller for the object on use of renewable energy in respect of which the PPA is concluded within 10 (ten) working days from the date of signing the act of separation of the balance sheet and operational responsibility of the parties and before the beginning of complex tests of the object on use of RES;

18) provide financial settlement center with a copy of the act of acceptance of the scheme for commercial accounting of electric energy, including the scheme for placing devices for commercial and technical accounting at the object on use of RES, signed between the energy transmission organization and the vendor for the object on use of renewable energy, in respect of which the PPA is signed - within 10 (ten) working days from the date of signing the acceptance certificate of the scheme for commercial accounting of electric power and before the beginning of complex tests of the object on use of RES;

19) at the request of the financial settlement center to provide information on the progress of construction of the object on use of renewable energy.

#### 12. Buyer must:

1) within 15 (fifteen) calendar days from the date of receipt of the certificate of reconciliation of volumes from the Seller to sign it or, if he does not agree with the Seller's data on the amount of electric power supplied, within the same period, send the Seller his written motivated refusal with mandatory application of documents confirming validity of such refusal;

2) pay the Seller for the entire amount of electricity supplied in the supply month, specified in the relevant reconciliation certificate, within fifteen working days after the expiration of the payment period established for conditional consumers;

3) annually in the period from January 1 to January 31 reconcile the mutual settlements for the previous financial year;

4) immediately notify the Seller of changes in its name, legal address, actual location and other requisites necessary to fulfill the terms of the PPA;

5) in case of commissioning an object on use of RES in the time specified in subparagraph 16) of paragraph 11 of the PPA, return the financial security for the performance of the terms of the PPA or part of it within 10 working days from the date of submission of the written request.

#### 13. Seller has the right to:

1) request the Buyer to fulfill the terms of the PPA;

2) perform current or major repairs of the power plant, including the replacement of the main generating equipment, provided that the total installed capacity of the generating equipment of the power plant specified in the PPA will not be increased;

3) cede existing and future rights and claims to the Buyer arising from the PPA, with the notice of the Buyer before the conclusion of the relevant contract of assignment of the rights of demand;

4) fully concede rights and obligations under the PPA to a third party in the event of the alienation of the power plant to the same person. In this case, the rights and obligations under the PPA pass to a third party simultaneously with the rights to the power plant.

14. Buyer has the right to:

1) demand the Seller to fulfill the terms of the PPA;

2) withhold the amount of overpayment from the amounts of the Seller in future payments if, following the results of the settlement of disputes between the Parties, the amount of electricity supplied in the supply month will reveal the fact of payment by the Buyer to the Seller of an excessive amount;

3) demand performance of other duties of the Seller in accordance with the PPA and the legislation of the Republic of Kazakhstan in the field of renewable energy sources and electric power industry.

## 5. Responsibility of the Parties

15. In case of violation by the Seller of the terms of providing a copy of the notice of the start of construction and installation works of the object on use of RES in accordance with subparagraph 15) of paragraph 11 of the PPA, the Buyer shall withhold 30% of the amount of financial security for the performance of the terms of the PPA in the order established by paragraph 98 of the Rules and notify seller in written form.

16. In case of violation by Seller of the terms for providing a copy of the acceptance certificate for the object on use of RES in accordance with subparagraph 16) of paragraph 11 of PPA, the Buyer shall retain 100% of the amount of financial security for the performance of the terms of the PPA in the order established by paragraph 98 of the Rules, and notify Seller in written form. In this case, in the event of withholding part of the financial security for the performance of the terms of the PPA, in accordance with paragraph 15 of PPA, 70% of the amount of financial security for the performance of the terms of the PPA is held in the order established by paragraph 98 of the Rules.

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

18. For breach of obligations stipulated by PPA, the Parties bear responsibility in accordance with the legislation of the Republic of Kazakhstan and the terms of PPA.

19. The terms and conditions of PPA may be amended only by mutual agreement of the Parties and executed in written form.

## 6. Force Majeure

20. The Parties shall not be liable for non-performance and (or) improper performance of the terms of PPA if it was the result of force majeure circumstances.

21. Force majeure is an event that prevents the execution of PPA, beyond the control of the Parties, not related to their miscalculation or negligence and which has an unforeseen nature.

22. Lack of sufficient amount of money of Buyer for any reason is not a force majeure circumstance and does not relieve Buyer of liability for late payment.

23. The party affected by force majeure circumstances is obliged to notify the other Party about it within ten calendar days from the date of their appearance, indicating the nature, reasons for the occurrence of force majeure circumstances and their estimated duration, with submission of supporting documents.

## 7. Dispute resolution

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

25. The parties should try to resolve disputes under PPA by direct negotiations.

26. Each of the Parties has the right to apply to the court to resolve a dispute related to the conclusion, validity, execution, modification, suspension and termination of PPA, as well as the resolution of other disputes under PPA.

27. All disputes related to the conclusion, validity, execution, modification, suspension and termination of PPA, and also otherwise related to the Contract, are subject to review in the court at the location of the Buyer.

## 8. Validity period of PPA and the auction price

28. PPA comes into force from the date of its signing by the Parties.

29. PPA and the auction price indicated therein shall cease to be effective after fifteen years from the date of the commencement of the comprehensive testing of the electrical installations of the power plant, at which the generated electricity was supplied to the electric networks of the energy transmission organization.

## 9. Final provisions

30. PPA shall be terminated in the following cases:

1) violation by Seller of the commissioning period of the object on use of RES provided in subparagraph 16) of paragraph 11 of the PPA;

2) realization by Seller during the validity period of PPA of electric energy produced at contract prices, in accordance with concluded bilateral agreements with consumers in accordance with the legislation of the Republic of Kazakhstan on electric power industry.

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

32. All correspondence between the Parties must be made in written form by sending letters on paper.

33. PPA is made in Kazakh and Russian languages in two copies, each having equal legal force.

34. PPA was concluded in the city of Astana, signed by both Parties and registered by the Buyer in the Register of Contracts "\_\_\_" \_\_\_\_\_ 20 \_\_\_\_ years No. \_\_\_\_\_.

35. All the terms of PPA are stable, do not depend on the changes in the legislation of the Republic of Kazakhstan and can only be changed by agreement with the Buyer.

## 10. Details and signatures

### **Seller**

\_\_\_\_\_  
(full name)  
Legal address: \_\_\_\_\_  
Actual address: \_\_\_\_\_  
Tel./fax: \_\_\_\_\_  
BIN \_\_\_\_\_  
BIC \_\_\_\_\_  
IBAN \_\_\_\_\_

\_\_\_\_\_  
(bank name)  
(position)  
\_\_\_\_\_(full name)  
LS.

### **Buyer**

\_\_\_\_\_  
(full name)  
Legal address: \_\_\_\_\_  
Actual address: \_\_\_\_\_  
Tel./fax: \_\_\_\_\_  
BIN \_\_\_\_\_  
BIC \_\_\_\_\_  
IBAN \_\_\_\_\_

\_\_\_\_\_  
(bank name)  
(position)  
\_\_\_\_\_(full name)  
LS.