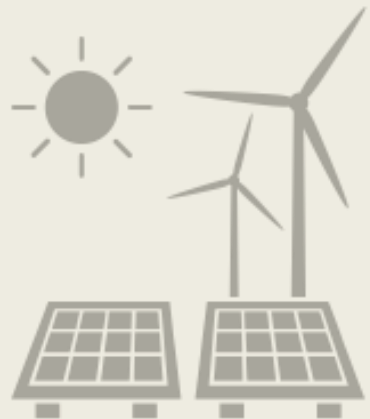


WALK-THROUGH THE LEGAL STRUCTURE OF PPA'S

عرض الهيكل القانوني لاتفاقيات شراء
الطاقة



Agenda

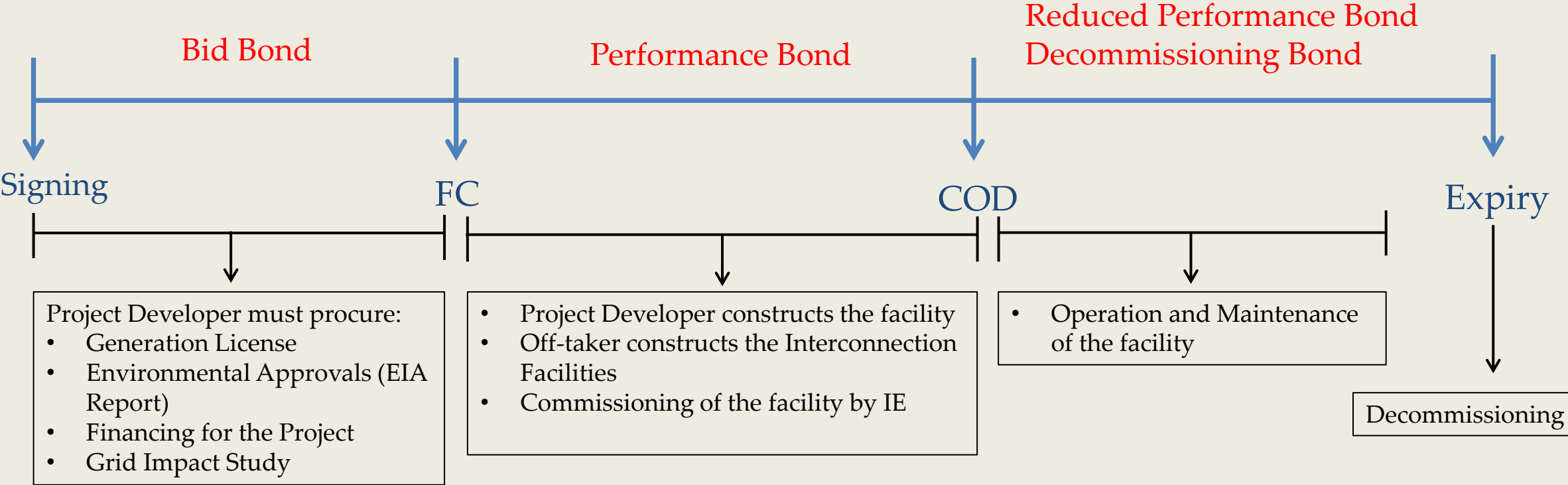
- What is a PPA?
- Timeline
- Bankability PPA
- Development of the Jordanian PPA
- PPA Main Components
 - *Purpose and Duration*
 - *Construction/Commissioning/Interconnection*
 - *Commercial Operation Date*
 - *Sale & Purchase of Electrical Power*
 - *Boilerplate clauses*

What is a PPA?

- PPA is defined as “a contract to buy the electricity generated by the power plant” and it refers to the purchaser of the generated electrical power as the “off-taker”.
- Main Components:
 - *Purpose and Duration*
 - *Construction/Commissioning/Interconnection*
 - *Commercial Operation Date*
 - *Sale & Purchase of Electrical Power*
 - *Boilerplate clauses*



Timeline



Bankability PPA

What is “Bankability”?

- Continuously used term
- No set definition
- No list of requirements to achieve “bankability”
- A project is considered bankable if lenders are comfortable and ready to finance the project on a project finance basis (limited or non-recourse basis)
- Link to “proper risk allocation”

Development of the Jordanian PPA

- IPP 1 - Conventional Generation (Gas, Diesel, HeavyFuel Oil)
- IPP 2 - Conventional Generation
- CEGCO Privatization
 - *PPA's for existing plants through conventional generation*
- Bidding process relating to Al-Kamsha Wind Farm (aborted during negotiations)
 - *PPA based on IPPs*
- Bidding process relating to Al-Fujeij Wind Farm (aborted during negotiations)
 - *PPA based on negotiated Kamsha PPA*
- IPP 3 - Conventional Generation
- IPP 4 – Peaking units of existing plants (Peak Hours)
- Tafila Wind Farm PPA
- Solar and Wind Projects PPA
 - *Rounds 1, 2 and 3 of Direct Proposals*



PPA Main Components

Purpose and Duration

- Purpose

- *Establishing the basis for the sale and purchase of electrical energy generated by the renewable energy power plant facilities.*

- Duration

- *Commences on date of execution and subject to the occurrence of financial close typically remains in force for a period of 15 – 20 contract years following Commercial Operation Date.*

PPA Main Components

Construction/Commissioning/Interconnection

■ Construction

- *From Financial Close and up to the Commercial Operation Date, the Project Developer is responsible for the construction of the facility.*

■ Commissioning

- *After construction, the Project Developer is required to commission the facility based on the testing and commissioning protocol which is approved by an independent engineer.*
- *The PPA includes provisions regarding delay and deemed commissioning.*

■ Interconnection

- *From Financial Close and up to the Commercial Operation Date, the Off-taker is responsible for the construction of the interconnection facilities and the substation.*

PPA Main Components

Commercial Operation Date

- From Commercial Operation Date onwards the Project Developer is required to operate and maintain the facility pursuant to the following:
 - *Laws of Jordan*
 - *Transmission System Grid Code*
 - *Generation License*
 - *Permits and authorizations*
 - *Prudent utility practice*
 - *Operating Protocol and Access Protocol*

PPA Main Components

Sale & Purchase of Electrical Power

- After Commercial Operation Date:
 - *Off-taker is required to pay for the energy output delivered at the Delivery Point in accordance with the tariff agreed*
 - *Tariff will only be adjusted for exchange rate fluctuations affecting the foreign currency portion of the tariff.*
- All the payments of the off-taker are guaranteed by the Government of Jordan under the Government Guarantee Agreement.

PPA Main Components

Boilerplate clauses

- Curtailment of Delivery
- Annual Major Maintenance activities and maintenance in Emergency situations
- Metering, disputes on metering and un-availability of meters' reading
- Invoicing, late payments and disputed payments
- Emission Reduction Credits
- Insurance (Construction Phase and Operations Phase)
- Force Majeure (Government FM Events and Other FM Events)
- Total/Partial Loss–Restoration
- Change in Law Protection – (one time vs. ongoing)
- Defaults, Termination and Consequences of Termination

PPA Main Components

Boilerplate clauses (cont.)

- Relationship with lenders (Direct Agreements, Notices, Step-in Rights, Assignment.... Etc.).
- Restrictions on transfer of shares in Project Company
- Decommissioning
- Dispute resolution: Expert (certain technical issues) and Arbitration for other disputes
- Applicable Law is state law

Questions & Answers

Thank You

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