

Agreement

Tbilisi

The Government of Georgia (hereinafter referred to as the Government), represented by the Minister of Economy and Sustainable Development of Georgia, [.]

and

LLC/JSC "(I/C _____; hereinafter - "Company"/"Private Initiator"), represented by the Director, [.]

hereinafter referred to separately as a Party and together as the Parties, enter into this Agreement (hereinafter the Agreement).

Preamble:

Since, On _____ 20 __, LLC/JSC presented to the Ministry of Economy and Sustainable Development of Georgia (hereinafter referred to as the Ministry) an Initiative Proposal envisaged by the law on Public Private Partnership regarding interest in the implementation of the Power Station project (hereinafter - the Project) in the **Region/Municipality River/Area**, in accordance with the Resolution #556 of the Government of Georgia of December 7, 2022, on Approval of the Support Schemes for the Production and Use of Energy from Renewable Sources.

Since the Ministry made a decision based on the Initiative Proposal to identify the Power Station as a potential Public Private Partnership project and accordingly, in the future, a Concessional Public Private Partnership Agreement on the implementation of the Power Station project may be signed through direct negotiations with the Private Initiator;

Whereas, if the company fully and duly fulfills the obligations under this agreement, as a result of which the Agreement on Commencement of Construction will be signed between the Government of Georgia and the company, the Contract for Difference will be signed between the JSC Electricity System Commercial Operator (ESCO) and the company according to the Resolution #556 of the Government of Georgia of December 7, 2022, on Approval of the Support Schemes for the Production and Use of Energy from Renewable Sources, with the tariff at which the company will be announced as the winner in the Capacity Auction or with the tariff determined after a completion of a comprehensive technical-economic study and submission to the Ministry of Economy of Georgia.

Since, by the Decree № ___ of the Government of Georgia of 202_ the concept of the Power Station project was approved and the Ministry was assigned to ensure the signing of an agreement between the Government of Georgia and LLC/JSC ___ regarding the preparatory works (preparation of the studies) of the Power Station project;

The parties agree to the following:

1. Purpose

Implementation of the preparatory works (preparation of the studies) of the Power Plant project envisaged in Annex №1 of the Agreement and the submission of a full technical-economic study under the terms and conditions specified in the agreement and in compliance with the public private partnership legislation related to the project, to the Ministry, which ensures submission of the project to the Government of Georgia in accordance with the preparatory stage.

2. Basic terms of the Agreement

2.1. The Private Initiator, within the terms stipulated by Annex №2 of the Agreement, will ensure, at his own expense, the implementation of preparatory works (studies) of the Power Plant project and the submission to the Ministry of a full technical and economic study, pursuant to the legislation on public private partnership.

2.2. On the basis of the technical-economic study envisaged in Paragraph 2.1 of the Agreement, the Ministry, within its competence, ensures the implementation of the procedures established by the legislation of public private partnership.

3. Bank guarantee

3.1. In order to fulfill the obligations of the **Private Initiator**, including the obligation stipulated in Paragraph 2.1 of this Agreement, no later than within 30 (thirty) **days** from the date of conclusion of this **Agreement**, to submit a **bank guarantee** to the Ministry in favor of the government in the amount of 10,000.00 (ten thousand) US Dollars for each MW of the power plant under construction, or in the amount of its equivalent in Euros (by the exchange rate established by the National Bank of Georgia for the day of submission of the pre-construction guarantee). The term of validity of the bank guarantee shall exceed 10 (ten) months after the deadline for the **fulfillment of obligations under the Agreement**. The bank guarantee shall be issued by a state-licensed bank and/or a bank of an Organization for Economic Co-operation and Development (OECD) member country. The amount of **bank** guarantee should not exceed 15% of the share capital of the bank issuing the guarantee.

3.2. Failure of the **Private Initiator** to fulfill the obligations under the **agreement** within the terms and conditions established by the agreement (except for the obligation stipulated in Paragraph 3.1 of the Agreement) will result in imposing **penalties** for the **Private Initiator** by 0.5% of the total amount of the bank guarantee for each overdue **day**. The **Ministry** is authorized to issue a written warning to the **Private Initiator**, specifying the deadline for the correction of the violation and the amount of the penalty. The **Private Initiator** is obliged to pay the imposed penalty within 15 (fifteen) **days** after the relevant request of the Ministry.

3.3. The **Government** is entitled to claim the amount provided for in the **bank guarantee** in full or in part and to inform the **Private Initiator** about it, in the following cases:

If

a) The **Private Initiator**, in case of a corresponding request, did not pay the imposed penalty by the deadline envisaged in Paragraph 3.2 of the **Agreement** - in the amount of the unpaid penalty-

b) In accordance with Article 4, the **Government** terminates the **contract** - existing **bank guarantee** in full.

3.4. In the case provided by Sub-paragraph "a" of Paragraph 3.3 of the **Agreement**, the **Private Initiator** is obliged to furnish the **bank guarantee** within 30 days up to the amount determined by Paragraph 3.1.

4. Termination of the Agreement

4.1 The **Government** is entitled to unilaterally, immediately terminate the **Agreement**, based on a written notice sent to the **Private Initiator**, in the following cases,

If:

4.1.1 **The Private Initiator** repeatedly failed to fulfill the obligation under the **Agreement**, and/or did not pay the penalty within the prescribed period;

4.1.2 The sum of the penalties imposed on the **Private Initiator** is 50% of the total amount provided by the **bank guarantee**;

4.1.3 Based on the information/documentation provided by the **Private Initiator** and/or obtained by the **Government**, it has been discovered that no necessary actions were carried out by the **company** to fulfill the obligations under the **Agreement** and the aforementioned continues for a period exceeding 60 (sixty) days;

4.1.4 **The Private Initiator** will not furnish the **bank guarantee** up to the amount determined by Paragraph 3.1 of the agreement.

5. Termination of the **Agreement** by the **Government** will result in the following:

5.1. Upon termination of the **Agreement**, the **Private Initiator** will be deprived of the right to carry out the **preparatory works (studies) provided for in Paragraph 2.1 of the Agreement** and the conduct the full technical-economic study envisaged under the legislation of public and private partnership;

5.2. Exclusive ownership rights to the **feasibility study report** and relevant environmental impact assessment reports (if any) in the possession of the **Private Initiator**, as well as any other documents and drawings related to the **project**, including those developed by the **Private Initiator** (including intellectual property related to the project) will be transferred to the **Government** free of charge no later than 1 (one) month after the termination of the **Agreement**;

6. If the **Private Initiator** does not provide the **bank guarantee** within the terms and conditions set by Paragraph 3.1 of the **Agreement**, the **Agreement** is automatically terminated, and the Ministry will notify the **Private Initiator** accordingly.

7. The **Agreement** may be terminated by mutual agreement of the parties or in other cases provided by the legislation of Georgia.

8. Governing Law and Dispute Resolution

8.1 Any dispute that may arise between the parties during the fulfillment of the obligations under this Agreement will be resolved by the parties through amicable negotiations.

8.1.1 The parties shall be given no more than 90 (ninety) days for negotiations provided for in the first Paragraph of this Article.

8.2 This Agreement is concluded and governed by the current legislation of Georgia.

8.3 Any dispute that arises concerning this Agreement will be settled by the Common Courts of Georgia following the relevant legislation of Georgia.

9. Validity of the Agreement and changes

9.1 The Agreement enters into force upon its signing by the parties.

9.2 Changes to the Agreement may be made based on the written agreement of the parties.

9.3 The Agreement is drawn up in Georgian language in 2 (two) equal copies.

Signatures:

Government of Georgia

LLC/JSC „_“

Appendix No. 1

Name	Location	Benchmarks		Annual production in mln. kW h	power MW
Power Plant	Region/Municipality				

Annex N2

Name of hydroelectric power plant:	month(s) after signing the Agreement	month(s) after signing the Agreement	month(s) after signing the Agreement	month(s) after signing the Agreement
Definitions of location and key parameters				
Topographic study and mapping				
Geology, geophysics				
Seismic risk analysis				
Construction materials research				
Meteorological and hydrological studies				
Hydraulic studies				
Alternative analysis				
Technical design				
Infrastructure				
Electricity generation and use				
Network connection and transmission line				
Bill of quantities and cost estimation				
Organization of construction				
Procurement planning and implementation plan				
Work force training schedule				
Completion and submission of feasibility study				
Preparation and submission of environmental impact assessment report and social risk assessment report				

Presentation of results of public hearings and environmental decision act				
Setting and determination of the location of the land plots needed for the implementation				
Drawing up and presenting a financial model for project implementation				
Submission of a proposal for the construction of a power plant				