

Transaction for Masrik-1 Solar PV Project: Structure and Key Features

Melik Gasparyan,
AVAG Solutions Ltd/Transaction Advisor

Energy Week Armenia 2018
14-16 November 2018

Contents of Presentation

- 1. Project Objective**
- 2. Transaction Chronology**
- 3. Transaction Structure and Key Project Agreements**
- 4. Transaction Schedule**
- 5. RFP Documentation**
- 6. Data Room and Pre-Bid Conference**
- 7. Requests for Clarifications**
- 8. Bid Opening and Evaluation**
- 9. Selection of Successful Bidder and Signing of the GSA**
- 10. Next Steps**



Project Objective



Objective of Project

- Development of grid connected solar power project at the designated Project Site in the Gegharkunik Marz of the Republic of Armenia



Project Installed Capacity

- Pre-Qualified Bidders were allowed to propose a Project Installed Capacity between 46 MW up to 55 MW as per their own due-diligence [Quoted Project Installed Capacity]



Implementation Model

- Design, Finance, Build, Own, and Operate (DFBOO) basis under one special purpose company (the Project Company) to be 100% owned by the Successful Bidder



Authority

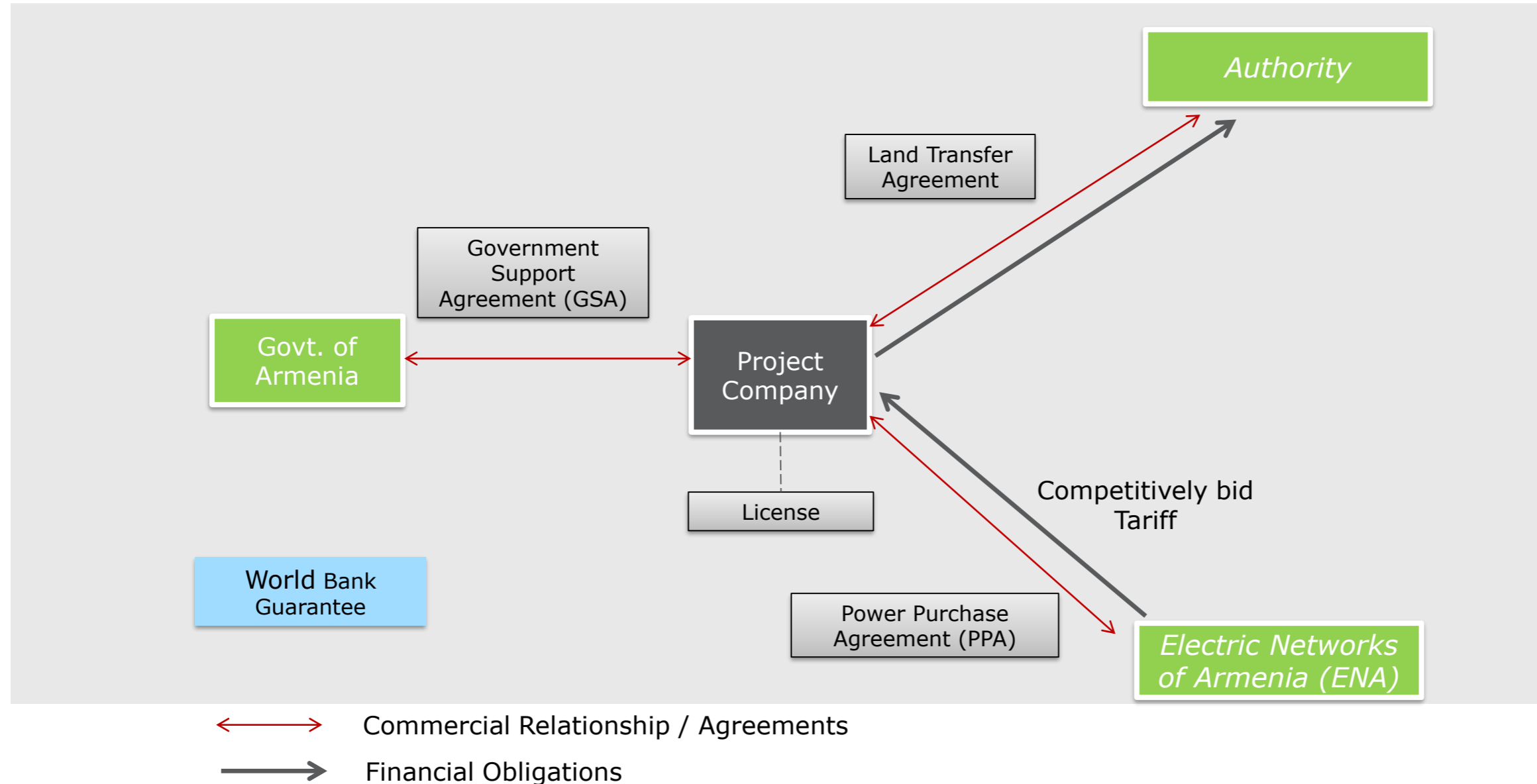
- Armenia Renewable Resources and Energy Efficiency Fund (the Authority) by request of the Ministry of Energy Infrastructures and Natural Resources of RA managed the process for selection of private developer

Transaction Chronology: Key Dates and Facts

	Date	Fact
1	Dec-29, 2016	The GoA approved Solar Photovoltaic Plants' Construction Investment Program (GoA Protocol Decree No. 37 of session No. 53)
2	Dec-13, 2017	PSRC approved Exemplary Form of Power Purchase Agreement (PSRC Decree No. 543N)
3	Dec-13, 2017	PSRC approved Draft Terms and Conditions for Masrik-1 Utility-Scale Solar PV Project (PSRC Decree No. 544A)
4	Dec-21, 2017	The GoA approved the list of Pre-Qualified Bidders and Procurement Procedure for Masrik-1 Utility-Scale Solar PV Project (GoA Decree No. 1679-N)
5	Dec-27, 2017	Issue of RFP to Pre-Qualified Bidders
6	Feb-15, 2018	The GoA approved a decree to regulate land transaction for the Project (GoA Decree No. 173-A)
7	Apr-26, 2018	The GoA approved the results of procurement procedure for the Project (GoA Decree No.535-A)
8	May-10, 2018	Issue of Letter of Award
9	Jul-18, 2018	Signing of the Government Support Agreement

Transaction Structure and Key Project Agreements

Commercial relationships & obligations

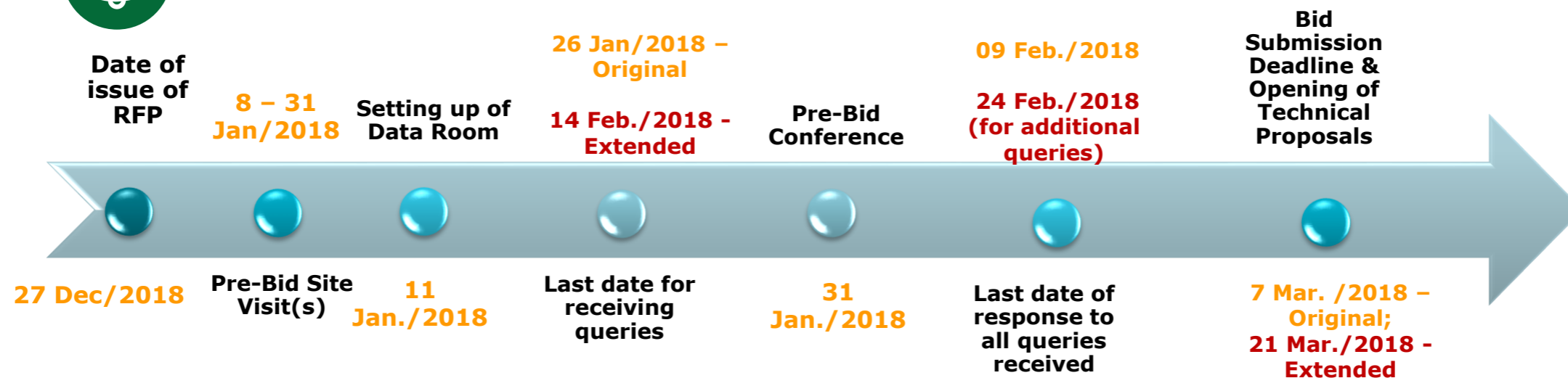


Transaction Schedule

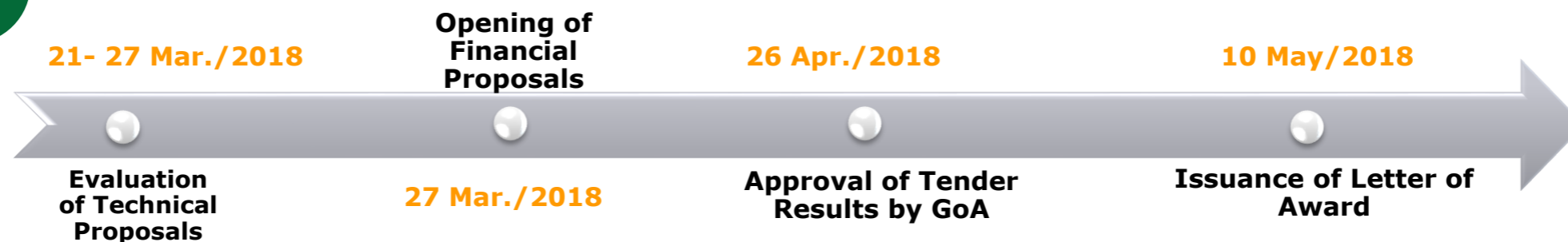
Bid submission and evaluation timelines



BID STAGE TIMELINES UP-TO BID SUBMISSION DEADLINE



EVALUATION AND LOA STAGE TIMELINES



RFP Documentation Issued to Pre-Qualified Bidders

- **RFP has been issued to 10 Pre-Qualified Bidders on 27 December 2017 being structured in the following way:**
 - Part A – Selection Procedures and Requirements
 - Part B - Appendices
 - Appendix 1: Format for Bid Submission Letter
 - Appendix 2: Format for Submission of Financial Proposal
 - Appendix 3: Format for Bid Security
 - Appendix 4: Minimum Technical Requirements of the Project
 - Appendix 5: Draft Government Support Agreement
 - Appendix 6: Format for Seeking Clarifications and Amendments
 - Part C – Attachments
 - Attachment 1: Terms and Conditions of License
 - Attachment 2: Exemplary Form of Power Purchase Agreement
 - Attachment 3: ENA Letter on Draft Technical Conditions for Interconnection to the Electrical Energy System
 - Attachment 4: World Bank Group Cover Letter and Indicative Terms and Conditions for the Proposed Guarantee in Support of the Project

Data Room and Pre-Bid Meeting

- Virtual Data Room has been available to Pre-Qualified Bidders throughout the Bid Submission Deadline and was structured in the following way:

A. Laws and Decrees:

- Codes and Laws of the Republic of Armenia;
- Decrees of the Government of the Republic of Armenia;
- Decrees of the Public Services Regulatory Commission (PSRC) of the Republic of Armenia;
- Other relevant legal acts;

A. Project RFP:

- Project RFP issued to Pre-Qualified Bidders;
- Responses of the Authority to Requests for Clarifications by the Pre-Qualified Bidders;

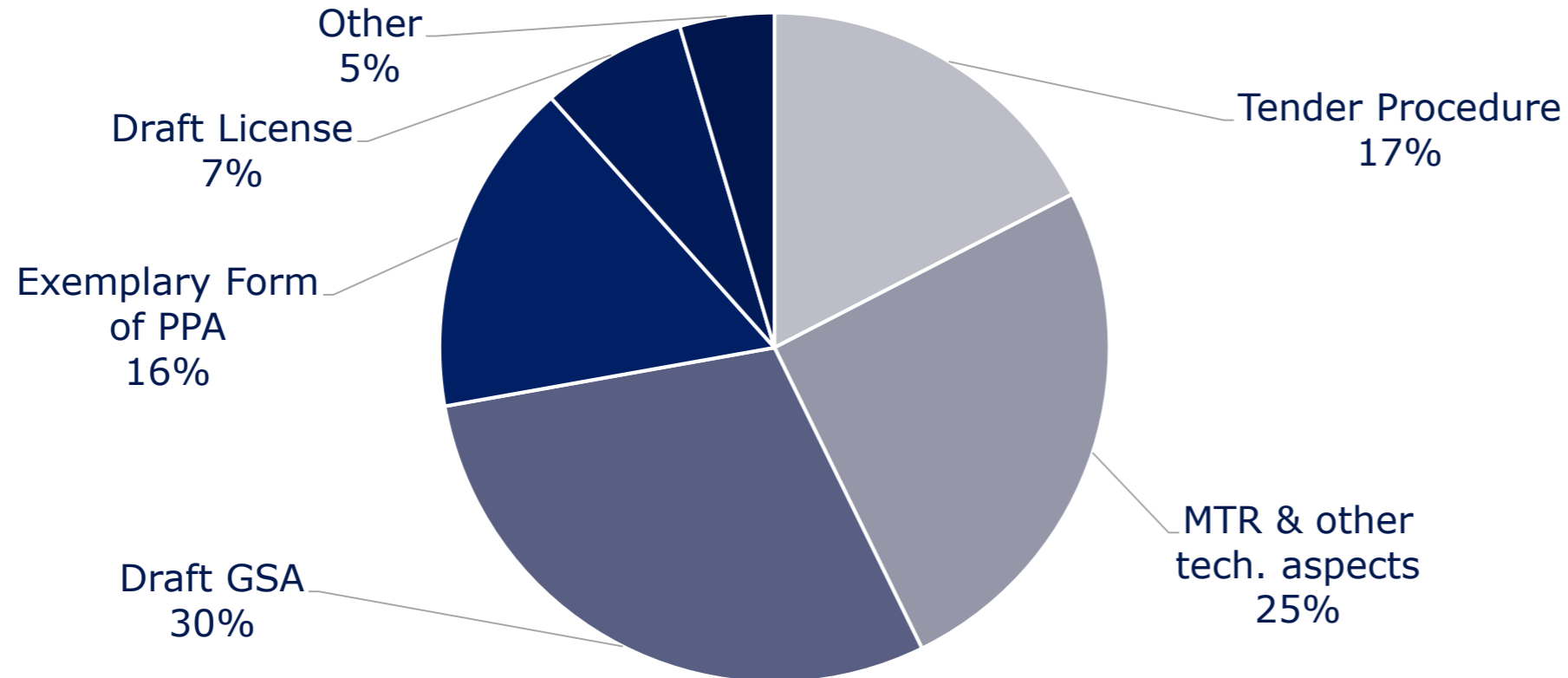
A. Studies and Reports:

- Available reports and studies to help bidders to prepare their bids

- A Pre-Bid Conference was held in Yerevan on 31 January 2018 and attended by 8 out of 10 Pre-Qualified Bidders

Requests for Clarifications

- The Pre-Qualified Bidders were allowed to request clarifications on any part of RFP and RFP documentation
- The deadline for queries originally was set at 26 January 2018
- After Pre-Bid Conference, the Authority gave an opportunity to Pre-Qualified Bidders to ask for clarifications for additional queries between 12-14 February 2018
- Distribution of requests for clarifications received and responded (total = 241):



Bid Opening and Evaluation

- 5 Bids were received
- Bid Validity Period: 240 days
- Technical Evaluation:
 - Technical Evaluation criteria were clearly made available to all Pre-Qualified Bidders with the RFP
 - Technically responsive bid check
 - All 5 Bidders met RFP requirements and were declared as Technically Qualified
- Financial Evaluation:
 - Financial Proposals of Technically Qualified Bidders
 - Bid tariff (USD/kWh) was the main criterion to evaluate financial proposals and overall bids

Selection of Successful Bidder and Signing of the GSA

- Successful Bidder – Lowest quoted Bid Tariff:
 - *Fotowatio Renewable Ventures B.V, Netherlands (Lead Sponsor) – FSL Solar S.L., Spain (Anchor Sponsor) [Bid Tariff: 0.0419 USD/kWh excluding VAT]*
- The Government approved results of tender on 26 April, 2018
- Authority issued the Letter of Award to Successful Bidder on 10 May, 2018
- Conditions precedent for signing GSA:
 - Payment of Project Preparatory Fee
 - Performance Bank Guarantee
 - Payment of Local Area Development Fee
- The Parties signed Government Support Agreement (GSA) on 18 July, 2018

Next Steps

- Land Transfer Agreement (signed in July 2018)
- License issued by PSRC in October 2018
- PPA to be signed between Project Company and Off-taker (ENA)
- GSA sets Financial Close Deadline as 180 days after signing of GSA

THANK YOU!

