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Subject: **LETTER OF INTENT FOR [ ] MW SOLAR PV POWER GENERATION PROJECT**

**Reference:** Your Proposal dated [ ].

In terms of the Policy for Development of Renewable Energy for Power Generation 2006 ("Policy"), the Alternative Energy Development Board ("AEDB") hereby confirms its interest in your proposal for establishing an approximately 50 MW solar PV power generation project in Punjab province. The Sponsor(s) is responsible for arranging the land for the project. AEDB may facilitate the Sponsor(s) in arranging the land for the project; however, AEDB has no obligation to provide land to the Sponsor(s) for the project. AEDB acknowledges receipt of the bank guarantee No. [ ] dated [ ] in the sum of US Dollar [ ] (US \$ [ ]).

2. The Sponsor(s) is required to complete the feasibility study and achieve the milestones listed at the Annex to this LOI ("LOI Milestones") for the subject project, at no risk and at no cost to, and without any obligation on the part of the AEDB, the Government of Pakistan, any Provincial Government or their respective agencies, within a period of Eighteen (18) months from the date of issuance of this Letter of Intent ("LOI").

3. The Sponsor(s) is required to carry out and complete the feasibility study at internationally acceptable standards and in accordance with the terms and conditions stipulated in the Policy and this LOI. The feasibility study must include, inter alia, Solar PV Plant equipment siting details, detailed power production estimates based on solar irradiance data of project site, soil tests reports, technical details pertaining to solar PV panels and other allied equipment to be used in the Solar PV Plant, grid tied solar PV project, electrical studies (including but not limited to short-circuit study, power quality study, load flow study and stability study), environmental study, project costing, financing plan, carbon credits, financing terms, tariff calculations and assumptions for financial calculations including economic/financial analysis. The Sponsor is also advised to liaise with the power purchaser while determining the site, project layout, sub-station design and layout, the transmission line, interconnection arrangements, and other related matters.

4. The validity of this LOI is not more than 18 months from the date of its issue, where after it will automatically lapse immediately (unless extended pursuant to clauses 5 or 6), being the [ ] (the "**Expiry Date**"). Issuance of this LOI or the lapsing of its validity, or your conducting a feasibility study there under, cannot form the basis of any claim for compensation or damages by the Sponsor(s) or the project company or any party claiming through or under them against the Government of Pakistan, the Provincial Government, AEDB or any of their agencies, employees or consultants on any grounds whatsoever, during or after the expiry of the validity of the LOI.

5. The Sponsor(s) is therefore required to complete the feasibility study and achieve the LOI Milestones for the subject project within the validity of this LOI.

The Sponsor(s) is also required to submit quarterly progress reports. Provided the Sponsor(s) meets the LOI Milestones on the stated dates, the Expiry Date of this LOI shall be extended on a day-for-day basis for the number of days of delay by which the approval or review by the relevant public sector entity listed in the LOI Milestones is delayed beyond the corresponding period stated in the LOI Milestones. In case there is a delay in completion of the feasibility study within the validity of this LOI for reasons not attributable to a public sector entity, a one-time extension may be granted up to a maximum period of one hundred eighty (180) days if AEDB is satisfied that the feasibility study is being conducted in a satisfactory manner and is likely to be completed shortly, and provided the Sponsor(s) enhance the amount of the bank guarantee to twice its original amount and extend its validity for a period six (6) months beyond the extended Expiry Date. Furthermore, if the said feasibility study is technically approved by the Panel of Experts and later the tariff awarded by NEPRA is not agreed by the Sponsor(s) (such decision to be made within thirty (30) days of the award of the tariff, and in any event within the validity of the LOI), the bank guarantee less 10% deduction for administrative and ancillary charges, would be returned to the Sponsor(s).

6. The Sponsor(s) shall apply to NEPRA for award of tariff within the period of validity of this LOI. Upon tariff being given, the Sponsor(s) shall forthwith submit a new Performance Guarantee in the sum of US Dollars [ ] (USD [ ]) and obtain the Letter of Support (“LOS”) from AEDB within the validity period of this LOI, provided, if the award of the tariff is delayed beyond the initial validity of the LOI, the Sponsor(s) shall extend the bank guarantee for a further period of six (6) months and the Expiry Date shall be extended *ipso facto* for a further period of six (6) months, and the Sponsor(s) shall obtain the LOS and submit the Performance Guarantee within the extended period afore-said. For the avoidance of doubt, the afore-said extension process may be repeated if the tariff is not announced (including on any review petition filed by the Sponsor(s), such review (if any) to be filed within the period prescribed in the NEPRA (Tariff Procedures and Standards) Rules) up to fifteen (15) days before the then prevailing Expiry Date.

7. In case the Sponsor(s) fails to meet the LOI Milestones or perform any other obligations set forth in the Policy and this LOI, including the extension of the date of expiry of bank guarantee as provided herein, AEDB will terminate this LOI and encash the bank guarantee.

8. (A) Pending the nomination of the Main Sponsor per sub-clause (B), the [ ] is liable for all obligations and liabilities of and on behalf of all other shareholders/Sponsor(s) (without relieving the other shareholders/Sponsor(s) of their obligations and liabilities under this LOI). Accordingly, [ ] shall not transfer or assign its shareholding (or other participatory interest, if the project company is not formed by the date of issue of the LOI) in the project or the project company without the prior written approval of AEDB, which approval may be declined by AEDB in its discretion if the proposed transferee’s financial and other relevant credentials are found unsatisfactory.

(B) The Sponsor(s) is advised to nominate the Main Sponsor (*being the individual or group holding at least 20% equity or participatory interest in the IPP*

*project*) no later than the Expiry Date of the LOI. In default of nomination as aforesaid, the [ ]. will be deemed the Main Sponsor for all intents and purposes. The Main Sponsor, together with other initial project shareholders/Sponsor(s) (which shall, subject in each case to sub-clause (A) above, be firmly settled and announced to AEDB by the Expiry Date of the LOI), must hold 51% of the project equity for a period up to the project's Commercial Operations Date (COD).

(C) Any actual or purported transfer or assignment of the shares or other participatory interests by the Sponsor(s) / shareholders in contravention of the foregoing restrictions without prior written consent of the AEDB shall render this LOI void and the bank guarantee will be enclashed in such case by AEDB.

9. This LOI is not assignable and non-transferable. This LOI shall be void upon any actual or purported assignment or transfer hereof without the prior written consent of AEDB.

10. This LOI is issued subject to the grant of a generation license and award of tariff by the National Electric Power Regulatory Authority ("NEPRA") to the subject project under the provisions of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1996 (the "NEPRA Act"). While AEDB shall extend its offices to support applications by the subject project before NEPRA under the current or any amended policy framework, by granting this LOI, AEDB does not make any representation or warranty on behalf of itself or the Government of Pakistan that the subject project will be granted a generation license or a tariff acceptable to the subject project or at all.

11. This LOI is issued in duplicate on the date hereof, and it shall come into effect when one copy is received by AEDB after being duly countersigned by you. Nevertheless, this LOI shall lapse if the countersigned copy is not received at AEDB within 15 days of its issuance.

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**Chief Executive Officer**  
**AEDB**

**Milestones for the Letter of Intent (LOI)**

<b>Sr. No.</b>	<b>Milestones</b>	<b>Time Frame (in Months)</b>
1.	Issuance of Letter of Intent (LOI)	T0
2.	Submission of complete Feasibility Study to AEDB, comprising of; <ul style="list-style-type: none"> <li>(i) Technical study including resource assessment, plant &amp; equipment details, layout and energy production analysis.</li> <li>(ii) Grid Interconnection Study (approved by NTDC)</li> <li>(iii) EIA / IEE study (approved by provincial Environmental Protection Agency)</li> </ul>	No later than ten (10) months after issuance of LOI
3.	Vetting and approval of Feasibility Study by AEDB ( <i>including verification of production estimates through third party consultant, if required, cost of which shall be borne by the Sponsor(s)</i> )	Within two (2) months after submission to AEDB. ( <i>provided any requisite modifications are timely made by the Sponsor(s) and the modified feasibility study is resubmitted within 15 days of a letter by AEDB requiring the modifications</i> )
4.	Tariff and Generation from NEPRA	Within four (4) months of approval of Feasibility Study by AEDB
5.	Acceptance of Tariff by IPP	Within fifteen (15) days of determination of tariff by NEPRA
6.	Posting of Performance Guarantee for Issuance of Letter of Support (LOS)	Within fifteen (15) day of acceptance of Tariff by IPP
7.	Issuance of Letter of Support (LOS) by AEDB	Within fifteen (15) days of posting of Performance Guarantee (PG)