

## **Memorandum of Understanding**

This Memorandum of Understanding is made on 16 November, 2015 (hereinafter the "Effective Date") in Tbilisi, Georgia by and between the following parties:

**The Government of Georgia** (hereinafter the "GOG"), represented by the Minister of Energy of Georgia Mr. Kakha Kaladze,

LLC "Taba" (hereinafter the "Company") – Identification Code: 405004837, represented by its Director Mr. Nodar Kurtanidze.

### **1. The Purpose of MOU**

1.1. The purpose of this MOU is to ensure the study/analysis of the wind power data by the Company within the territory set out in Annex N1 of this MOU, subsequently to build, own and operate the wind power plant(s) according to this MOU and the terms and conditions to be agreed by both parties afterwards.

### **2. Definitions**

2.1. MOU – this Memorandum of Understanding;

2.2. Project – the study/analysis of the wind power data by the Company within the territory set out in Annex N1 of this MOU.

### **3. Terms and Conditions of the Project**

3.1. The company within 18 (eighteen) months after the Effective Date of the MOU shall ensure:

- a) According to the schedule defined by the Annex N2 finalization of study/analysis of the wind power data situated within the territory set out in Annex N1;
- b) Submission of the proposal to the GOG on construction of wind power plant(s) situated within the territory set out in Annex N1.

3.2. In case the Company, as a result of implementing subparagraph "a" of paragraph 3.1 of this MOU, decides to build Wind power plant(s), within the territory set out in Annex N1, the proposal to be submitted to the GOG according to subparagraph "b" of paragraph 3.1 shall include the following:

- a) The Company's decision on construction respective wind power plant(s);
- b) Full technical parameters, including capacity and annual generation of the wind power plant(s);
- c) Exact coordinates of allocation of the wind power plant(s);
- d) Dates of receiving construction permit, commencement and completion of construction works and commencement of operation of wind power plant(s), also approximate investments required for wind power plant(s);
- e) Obtained wind data and all related documents;
- f) The optimal price and the amount of period of realization of the electricity produced by the wind power plant(s) to make such a wind power plant(s) economically feasible for the Company.

3.3. Within 4 (four) months after submitting the proposal, the parties shall mutually consider the question of construction of the relevant wind power plant(s) by the Company and make a mutual decision on construction or waiver thereof.

3.4. In case the parties, according to paragraph 3.3, decide to construct wind power plant(s) they shall draw up the Implementation Agreement(s) on build, own and operate of the relevant wind power plant(s) within 4 (four) sequent months after the expiration of the term defined by paragraph 3.3.

3.5. The Company, for the purpose of ensuring the obligations under the Implementation Agreement, namely the terms of commencement of construction works based on construction

- permit and commencement of operations of the wind power plant(s), shall submit to the GOG unconditional and irrevocable bank guarantee one for each wind power plant. The amount and other terms concerning this bank guarantee shall be mutually defined and reflected in the Implementation Agreement. The bank guarantee shall be issued by any Bank in Georgia or abroad, licensed by "Organization of Economic Cooperation and Development".
- 3.6. The GoG within its competence for the period of 18 (eighteen) months from Effective Date, shall not give the right to other party to build, own and operate any wind power plant(s) situated within the territory set out in Annex N1, without the Company's written consent except the cases when:
- a) The Company has violated the schedule of study/analysis of the wind power data defined by the Annex N2;
  - b) The Company has preliminary rejected to implement the Project;
  - c) The MOU is terminated.
- 3.7. Following the request the Company is obliged to submit to the GOG all collected wind data, studies and all related documents completely free of charge for the wind power plant(s) of which:
- a) The Company has violated the schedule of study/analysis of the wind power data defined by the Annex N2;
  - b) The Company had not submitted the proposal defined by the paragraph 3.2;
  - c) The decision according to the paragraph 3.3 on construction of the relevant wind power plant(s) was not made;
  - d) The Implementation Agreement according to paragraph 3.4 for the relevant wind power plant(s) was not signed;
  - e) The Company has preliminary rejected to implement the Project;
  - f) The MOU is terminated.
- 3.8. In case the parties, according to paragraph 3.3 decide to construct wind power plant(s) the Implementation Agreement to be signed in accordance to the paragraph 3.4 shall include the following conditions:
- a) The GOG shall in good faith and to extend allowable by the Georgian Legislation negotiate the price of the electricity to be generated by each wind power plant. In case the parties reach a mutual decision on the price the full power output of electricity generated by each wind power plant(s) shall be absorbed by the electrical grid and shall be exclusively purchased by the JSC "Electricity System Commercial Operator" for the period of 20 years from the date of commencement of operation of respective wind power plant(s);
  - b) All state-owned ground, which is needed for the infrastructure of the power plant(s) shall be provided to the Company in accordance with the relevant Georgian Legislation, provided, that the Company has fully complied with the requirements under the applicable Georgian legislation.

#### **4. Project Expenses, Providing Information**

- 4.1. The expenses related to the implementation of the Project shall be fully borne by the Company.
- 4.2. The Company is obliged to submit to the Ministry of Energy of Georgia, on quarterly basis, a progress report of the fulfillment of the conditions set out under the MOU, including but not limited full and detailed information about fulfillment of the schedule defined by the Annex N2.
- 4.3. If the quarterly progress report, permanent progress of the project with respect to the schedule or some part of the study/report is not of proper quality the Ministry of Energy of Georgia may notify the company in written about the quality of the study/reports and or any other

document and give the company reasonable additional period of up to 1 month to adjust the issues observed.

#### 5. Effective Date and Termination of the MOU

5.1. This MOU shall enter into force from Effective Date.

5.2. The MOU shall be terminated in the following cases:

- a) Upon mutual written agreement of the parties;
- b) The GOG is entitled to terminate the MOU based on written notification sent to the Company in case the Company has violated the schedule of study/analysis of the wind power data defined by the Annex N2 and the addition time given in accordance to the paragraph 4.3;
- c) The Company is entitled to terminate the MOU based on written notification sent to the GOG if it preliminary rejects to implement the Project;
- d) The MOU shall be automatically terminated in following cases:
  - i) The Company had not submitted the proposal defined by the paragraph 3.2;
  - ii) The decision according to the paragraph 3.3 on construction of the relevant wind power plant(s) was not made.
- e) In other cases determined by Georgian applicable legislation.

5.3. Termination of the MOU partially or completely doesn't affect the Company's obligation defined by the paragraph 3.7.

#### 6. Governing Law and Dispute Resolution

6.1. This MOU shall be governed by the laws of Georgia.

6.2. All disputes arising from this MOU shall be resolved by the Common Courts of Georgia, in accordance with the applicable legislation of Georgia.

#### 7. Counterparts, language of MOU

7.1. This MOU is executed in English language, into 2 original, equally binding counterparts.

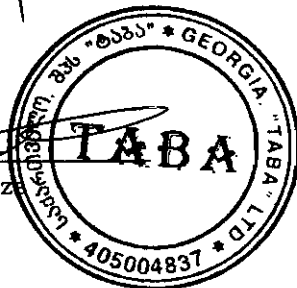
#### 8. Signatories:

The Government of Georgia

Kakha Kaladze

LLC "Taba"

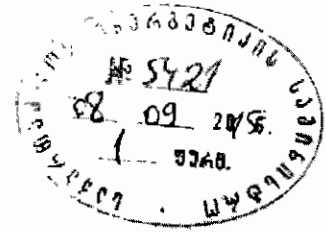
Nodar Kurtanidze



**Annex N1.**

The Location	Coordinates
Rikoti and Phona in Khashuri/Kharagauli Municipality	Area between four points: P1 (372 188 E, 4 653 822 N) P2 (372 188 E, 4 665 783 N) P3 (383 475 E, 4 665 783 N) P4 (383 475 E, 4 653 822 N)

Annex N2	Quantity of the months after the Effective Date					
	3	6	9	12	15	18
Wind energy resource assessment report		x				
Annual energy yield assessment		x				
Investigation of the topographic site conditions			x			
Power system and grid connection study			x			
Preliminary Report about Environmental and Social Impact	x					
Optimized wind farm layout			x			
Choice of technology alternatives	x					
Interconnection layout			x			
Locate and determine the lands necessary for the implementation of the Project				x		
Geological, Geophysical				x		
Cost estimation and economic analysis				x		
Feasibility Study completion and Submission					x	
Basic design					x	
Procurement Planning and Execution Scheme					x	
Timetable of Work- Force Training					x	
Environmental and Social Assessment report completion and Submission			x			
Conduct the public Hearings and submit the results						x
Submission of the proposal to the GOG about the implementation of the Project						x



# საქართველოს მთავრობის განკარგულება

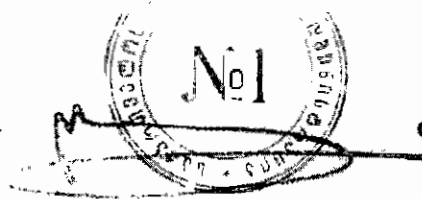
N1856 2015 წლის 4 სექტემბერი ქ.თბილისი

საქართველოს მთავრობასა და შპს „ტაბას“ შორის დასადები  
ურთიერთგაგების მემორანდუმის თაობაზე

1. მოწონებულ იქნეს საქართველოს მთავრობასა და შპს „ტაბას“ შორის დასადები ურთიერთგაგების მემორანდუმის პროექტი.
2. „საქართველოს მთავრობის სტრუქტურის, უფლებამოსილებისა და საქმიანობის წესის შესახებ“ საქართველოს კანონის 27-ე მუხლის შესაბამისად, ურთიერთგაგების მემორანდუმს, საქართველოს მთავრობის სახელით, ხელი მოაწეროს საქართველოს ენერჯეტიკის მინისტრმა კახა კალაძემ.

პრემიერ-მინისტრი

წ.



ირაკლი ღარიბაშვილი

N4178



საქართველოს იუსტიციის სამინისტრო  
MINISTRY OF JUSTICE OF GEORGIA



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საქართველო ქ. თბილისი, 0114, გორგასლის ქ. 24 ა. ტელ. 2 40-51-48, 2 40-58-36; ელ. ფოსტა: info@justice.gov.ge  
24 a. Gorgasali str., 0114, Tbilisi. Tel: 2 40-51-48, 2 40-58-36 E-MAIL: info@justice.gov.ge

№5398

08 / ივლისი / 2015 წ.

საქართველოს ენერჯეტიკის  
მინისტრის მოადგილეს,  
ბატონ ირაკლი ხმალაძეს

ბატონო ირაკლი,

საქართველოს იუსტიციის სამინისტრომ განიხილა თქვენ მიერ 2015 წლის 23 ივნისის №04/2346 წერილით წარმოდგენილი საქართველოს მთავრობასა და შპს „ტაბას“ შორის დასადები ურთიერთგაგების მემორანდუმის პროექტი, რომელთან დაკავშირებითაც გაეცნობებთ შემდეგს:

მემორანდუმის პროექტის 5.2. მუხლის "ხ" პუნქტი მიზანშეწონილია. ჩამოყალიბდეს იმგვარად, რომ ამავე პუნქტით გათვალისწინებული მემორანდუმის შეწყვეტის წინაპირობები იყოს ალტერნატიული ხასიათის და, შესაბამისად, კავშირი "and" შეიცვალოს "or"-ით

აქვე შევნიშნავთ, რომ ტექნიკური ხარვეზია მემორანდუმის პროექტის 3.7 მუხლში, სადაც ....for the wind power plant(s) of which უნდა იყოს .... in following cases".

პატივისცემით,

გ. ლორთქიფანიძე

მინისტრის მოადგილე

გოჩა ლორთქიფანიძე