

Memorandum of Understanding

Tbilisi

16 November, 2015.

This Memorandum of Understanding (hereinafter „MOU“) is made by and between the following parties:

The Government of Georgia (hereinafter “GOG”), represented by the Minister of Energy of Georgia Mr. Kakha Kaladze;

GGP LLC, ID# 445432096 (hereinafter “Company”) represented by its Director Mirian Ustiashvili (ID: 61001003749).

1. Purpose

The purpose of this MOU is to implement the feasibility study and environmental and social impact assessment of the hydropower plant(s) set out in Annex N1 of this MOU by the Company, construction and operation according to this MOU and terms and conditions to be agreed by both parties afterwards hereinafter “Project”).

2. Terms and Conditions of the Project

2.1 The company within 9 months after the signing of this MOU shall ensure:

- a) According to the schedule of feasibility study (Annex N2) finalization of feasibility study of the hydropower plant(s) situated within the river elevations provided in Annex N1;
- b) Submission of the proposal to the GOG on construction of the hydropower plant(s) provided in Annex N1.

2.2 In case the Company, as a result of implementing subparagraph ‘a’ of paragraph 2.1 of this MOU decides to build one or several hydropower plants, indicated in Annex N1, the proposal to be submitted to the GOG according to subparagraph ‘b’ of paragraph 2.1 shall include following:

- a) The Company’s decision on construction of respective hydropower plant(s);
- b) Full technical parameters, including installed capacity and annual generation of the hydropower plant(s);
- c) Exact coordinates of allocation of the hydropower plant(s) and elevations of the river;
- d) Dates of receiving construction permit, commencement and completion of construction works and commencement of operation of hydropower plant(s), also approximate investments required for the construction of each hydropower plant;
- e) Feasibility Study of the hydropower plant(s) and all related documents, including for hydropower plant(s) with 2 MW or more installed capacity the environmental and social impact assessment.



- f) The price of the electricity to be sold to JSC "Electricity System Commercial Operator" (hereinafter "ESCO") in an amount and for the period defined by the MOU.
- 2.3 Within 4 months after submitting the proposal according to paragraph 2.2, the parties shall mutually consider the question of construction of the relevant hydropower plant(s) by the Company and make a mutual decision on construction or waiver thereof.
- 2.4 In case the parties decide to build one or several hydropower plant(s) according to paragraph 2.3, they shall draw up the implementation agreement (agreements) on construction, ownership and operation of the relevant hydropower plant(s) (hereinafter "Agreement") within 4 months after expiration of the term determined under paragraph 2.3.
- 2.5 In case the Agreement is signed the Company's Obligations are:
- a) On the day of the signing of the Agreement the Company, for the purpose of ensuring the commencement of construction works based on construction permit and commencement of operation of the hydropower plant(s) within the terms and conditions of the Agreement shall submit to the GOG unconditional and irrevocable bank guarantee in amount of 100 000 USD (or equivalent in Euro) per MW for hydropower plant or plants cascade with total installed capacity with 100 MW or less and 50 000 USD (or equivalent in Euro) for the hydropower plant or plants cascade with total installed capacity of more than 100 MW. The bank guarantee shall be issued by any Bank in Georgia or abroad licensed by "Organization of Economic Cooperation and Development" (OECD) member country.
- b) For the first ten years of operation, beginning from the date of commencement of operation of the hydropower plant(s) (the „Initial Operation Period“), the 20 % of full annual power output of each hydropower plant during the winter months of each year (being the months of October, November, December, January, February, March (the „Winter Months“)) shall be sold exclusively for the purposes of meeting the internal demand of Georgia, which shall be reflected in the Electricity (Power) Balance of the respective year or other similar document.
- 2.6 The GOG, within 9 months after signing this MOU shall not give the right to other party on construction, ownership and operation of the hydropower plants situated within the river elevations provided in Annex N1 without Company's written consent, except the cases foreseen under paragraph 2.8 and 2.9 of this MOU.
- 2.7 Before the expiration of the term of signing of the Agreement, the GOG, shall not give the right to other party of construction, ownership and operation of the hydropower plant(s) indicated in Annex N1 for which the Company had submitted the proposal for construction of hydropower plant(s) to the GOG under this MOU

- and/or if the parties had made a decision on the construction of hydropower plant(s), except the cases foreseen under paragraph 2.8 and 2.9 of this MOU.
- 2.8 Before the expiration of the terms set out in paragraphs 2.6 and 2.7 the GOG is entitled to give the third party the right to implement the feasibility study and/or to build, own and operation hydropower plant(s) provided in Annex N1 without written approval of the Company, in the following cases:
- a) The GOG has grounded assumption of the Company's failure to ensure feasibility study of the hydropower plant provided in Annex N1;
 - b) The Company has violated any term of the schedule of feasibility study (Annex N2) hydropower plant(s) provided in Annex N1;
 - c) The Company refused in writing to build hydropower plant(s) indicated in Annex N1.
- 2.9 Following request, the Company is obliged to submit to the GOG the feasibility studies and all related documents that it possesses, completely, free of charge, with exclusive ownership rights, of which:
- a) The Company had not submitted the proposal to the GOG according to paragraph 2.2;
 - b) The Company had applied to the GOG according to paragraph 2.2, but the parties failed to make a decision on construction according to paragraph 2.3;
 - c) The Company had applied to the GOG according to paragraph 2.2, the parties made a decision on construction under paragraph 2.3, but the Agreement was not signed between the GOG and the Company under paragraph 2.4 of the MOU.
 - d) Any circumstance under paragraph 2.8 occurs.
- 2.10 If the approximate location of the hydropower plant(s) occurs to be within the protected area, the construction of the hydropower plant(s) cannot be implemented.
- 2.11 If there is a licensed quarry or fossil mine within the approximate area of the hydropower plant(s), interested person, in accordance with the Georgian legislation should obtain the relevant consent of the user of the fossil and if the approximate location of the hydropower plant(s) occurs to be within the territory of state forest fund – use of the state forest fund shall be made as prescribed under the law for the use of state forestry.
- 2.12 The parties acknowledge that JSC "Georgian Energy Development Fund" with the assignment of the Ministry of Energy of Georgia is implementing study of the existing energy potential of Georgia. Accordingly, the parameters and/or location of the hydropower plant(s) set out in Annex N1 of this MOU can be changed on the basis of the studies implemented by JSC "Georgian Energy Development Fund".
- 3. Rights on the Land Plots and Construction Permit**
- 3.1 For the purpose of implementation of the project, in case of necessity, the GOG shall ensure to provide transfer of the respective state owned land plots to the Company in accordance with the Georgian legislation.

3.2 The GOG shall use its best endeavours within its authority to assist the Company with obtaining construction permit(s), provided that the Company meets the relevant requirements under the 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 fulfilment of the conditions set out under the MOU, including but not limited full and detailed information about fulfilment of schedule of feasibility study (Annex No 2.) by the Company. If the progress report or some part of the feasibility study is not of proper quality, the Ministry of Energy of Georgia shall have the right to notify the company in written about quality of the feasibility study and to give the company additional period of up to 3 (three) months to adjust the issues observed. This article will no way cause extension of the term indicated in article 2.1.

5. Effectiveness of the MOU

5.1 This MOU shall enter into force from the moment of its execution by both parties.

5.2 The MOU shall be terminated in the following cases:

- a) Upon agreement of parties;
- b) The MOU shall be terminated if:
 - b.a) The Company had not submitted the proposal to the GOG according to paragraph 2.2;
 - b.b) The Company had applied to the GOG according to paragraph 2.2, but the parties failed to make a decision on construction according to paragraph 2.3;
 - b.c) The Company had applied to the GOG according to paragraph 2.2, the parties made a decision on construction under paragraph 2.3, but the Agreement was not signed between the GOG and the Company under paragraph 2.4 of the MOU.
- c) The Company has violated any term of the schedule of feasibility study (Annex N2);
- d) In case one or more subparagraph of paragraph 2.8 occurs - for the respective hydropower plant only;
- e) In other cases determined by Georgian legislation.

5.3 In case the Company fails to fulfil the obligations under this MOU, the issue of effectiveness of the MOU and the responsibilities of the Company shall be regulated according to the MOU and applicable Georgian legislation.

5.4 Termination of the MOU partially or completely doesn't affect the Company's obligation set out under article 2.9.

6. Amendments

This MOU may be amended by written agreement of the parties. If any provision of this MOU becomes invalid or unenforceable, the validity of other provisions shall not be affected.

7. Notifications

Any correspondence sent by the parties within the framework of this MOU shall be made in writing and shall be sent by mail, courier service or facsimile transmission (with the original to follow). The notification shall enter into force immediately upon its receipt by the recipient.

8. Governing Law and Dispute Resolution

8.1 This MOU shall be governed by the Georgian Legislation.

8.2 All disputes arising from this MOU shall be resolved by Common Courts of Georgia, in accordance with the Georgian Legislation.

9. Counterparts, language of the MOU

This MOU is prepared in English language in two original counterparts.

10. Signatories

The Government of Georgia

GGP LLC


Kakha Kaladze


Mirian Ustiashvili

Annex N1

Name of the HPP	Name of the River	River Elevation
Zekari HPP	River Qvershaveti	495-435



Annex N2

	Name: Zekari HPP	3 months after signing MOU	6 months after signing MOU	9 months after signing MOU
Sites and main parameters definitions		X		
Topographical Surveys and Preparation of Maps			X	X
Geological, Geophysical			X	X
Seismic Risk analysis			X	X
Construction Materials Survey				X
Meteorological and Hydrological Studies			X	
Hydraulic Studies			X	
Alternative Analysis			X	
Technical Design				X
Infrastructure			X	
Power Generation and Utilization			X	
Transmission System Associated				X
Environmental and Social Assessment report (in case > 2 MW)				
Bills of Quantities				X
Construction Organization				X
Economic Analysis				X
Financial Analysis				X
Procurement Planning and Execution Scheme				X
Timetable of Work- Force Training				X
Feasibility Study Submission				X





საქართველოს მთავრობის განკარგულება

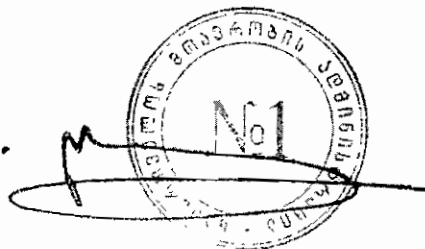
№2395 2015 წლის 9 ნოემბერი ქ. თბილისი

საქართველოს მთავრობასა და შპს „ჯგპ“-ს შორის დასადები
ურთიერთგაგების მემორანდუმის თაობაზე

1. მოწონებულ იქნეს საქართველოს მთავრობასა და შპს „ჯგპ“-ს 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

ჩ.



ირაკლი დარიბაშვილი



საქართველოს იუსტიციის სამინისტრო
MINISTRY OF JUSTICE OF GEORGIA



KA010138182053715

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

№4708

15 / ივნისი / 2015 წ.

საქართველოს ენერჯეტიკის
მინისტრის მოადგილეს,
ბატონ ირაკლი ხმალამეს

ბატონო ირაკლი,

საქართველოს იუსტიციის სამინისტრომ განიხილა თქვენი 2015 წლის 5 ივნისის №04/2111 წერილით წარმოდგენილი საქართველოს მთავრობას და შპს „ჯჯკ“-ს შორის დასაადები ურთიერთგაგების მემორანდუმის პროექტი და გაცნობებთ, რომ სამართლებრივი ხასიათის შენიშვნები არ გვაქვს.

პატივისცემით,

გ. დხაჭიფანიძე

მინისტრის მოადგილე

გოჩა ლორთქიფანიძე



საქართველოს ენერგეტიკის სამინისტროში მიმდინარე წლის 18 დეკემბერს კომპანია შპს "ჯგპ"-ს მიერ წარმოდგენილი საინვესტიციო წინადადების შესახებ

ენერგეტიკული დეპარტამენტის

დასკვნა

საინვესტიციო წინადადება მიზნად ისახავს დასავლეთ საქართველოში, იმერეთის რეგიონში, ბაღდათის რაიონში, კერძოდ, მდინარე ქვერშავეთზე ენერგეტიკული რესურსის ოპტიმალურად გამოყენებას, პოტენციური მცირე ჰიდროელექტროსადგურის განხორციელებადობაზე კვლევითი სამუშაოების ჩატარებას, შემდგომში მშენებლობის, ოპერირებისა და ფლობის მიზნით.

წარმოდგენი წინადადების თანახმად, ზეკარი ჰესის პარამეტრებია:

1. ზედა ბიეფის ნიშნული - 495 მ;
2. ქვედა ბიეფის ნიშნული - 435 მ;
3. დადგმული სიმძლავრე - 1,6 მგვტ;
4. ელექტროენერჯის საშუალო წლიური გამომუშავება - 8,2 გვტსთ;
5. საპროექტო ღირებულება - 2,3 მლნ. აშშ, დოლარი;
6. აგრეგატის რაოდენობა - 2 ცალი;
7. აგრეგატის ტიპი - ფრენსისი;
8. წყლის საშუალო მრავალწლიური ხარჯი - 3,4 მ³/წმ.

ზემოაღნიშნული მონაცემებიდან გამომდინარე ჰიდროელექტროსადგურის მშენებლობა მოცემულ ნიშნულებს შორის ტექნიკურად შესაძლებელია. წარმოდგენილი დოკუმენტაცია შეესაბამება საქართველოს ენერგეტიკის მინისტრის 2014 წლის 10 აპრილის N40 ბრძანების, დანართი N1-ის 2-ე მუხლით მოთხოვნილ მასალებს და ხელს არ უშლის საქართველოს ენერგეტიკის მინისტრის 2013 წლის 22 აგვისტოს N125 ბრძანებით დამტკიცებულ საქართველოში ასაშენებელი პოტენციური ჰესების ნუსხაში არსებული პროექტების განხორციელებას.

დავით შარიქაძე

დეპარტამენტის უფროსი

ენერგეტიკული დეპარტამენტი