

Guidance

For renewable projects in Ukraine:

**New scheme of support
and new electricity market**



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UKRAINIAN
WIND ENERGY
ASSOCIATION

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Template of Power Purchase Agreement

I. Introduction

Ukraine has sufficient renewable energy potential and certain targets for development of renewables. By 2020, Ukraine shall reach 11% of renewables in overall energy consumption. Moreover, the Energy Strategy of Ukraine until 2035 provides for an increase in the share of RES to 25% of the total supply of primary energy. Ukraine created transparent and predictable conditions for investors by introducing feed-in tariff system.

At the same time, approaches to stimulating production of electricity from renewable energy sources are changing. The most widely accepted approach for support of RES deployment is auctions, based on competition and cost-effectiveness. Taking global trends into account, Ukraine implements a system of RES support in the form of auctions instead of feed-in tariffs.

Ukraine currently stands on the threshold of liberalization of the electricity market. The liberalization of the electricity market will allow Ukraine to become a participant of the EU electricity market, to ensure competition in the energy sector and to improve the rights of consumers on the electricity market.

Introduction of auctions for renewable is one of the preconditions for the further attraction of finance for renewable projects in Ukraine. For this reason, the implementation of RES auctions in Ukraine is an important step towards the further growth of the renewable sector.

We are happy to present this guide to renewable energy projects in Ukraine prepared by Sayenko Kharenko NewLaw firm together with the Ukrainian Wind Energy Association.



Andriy Konechenkov

**Chairman of the Board
Ukrainian Wind Energy
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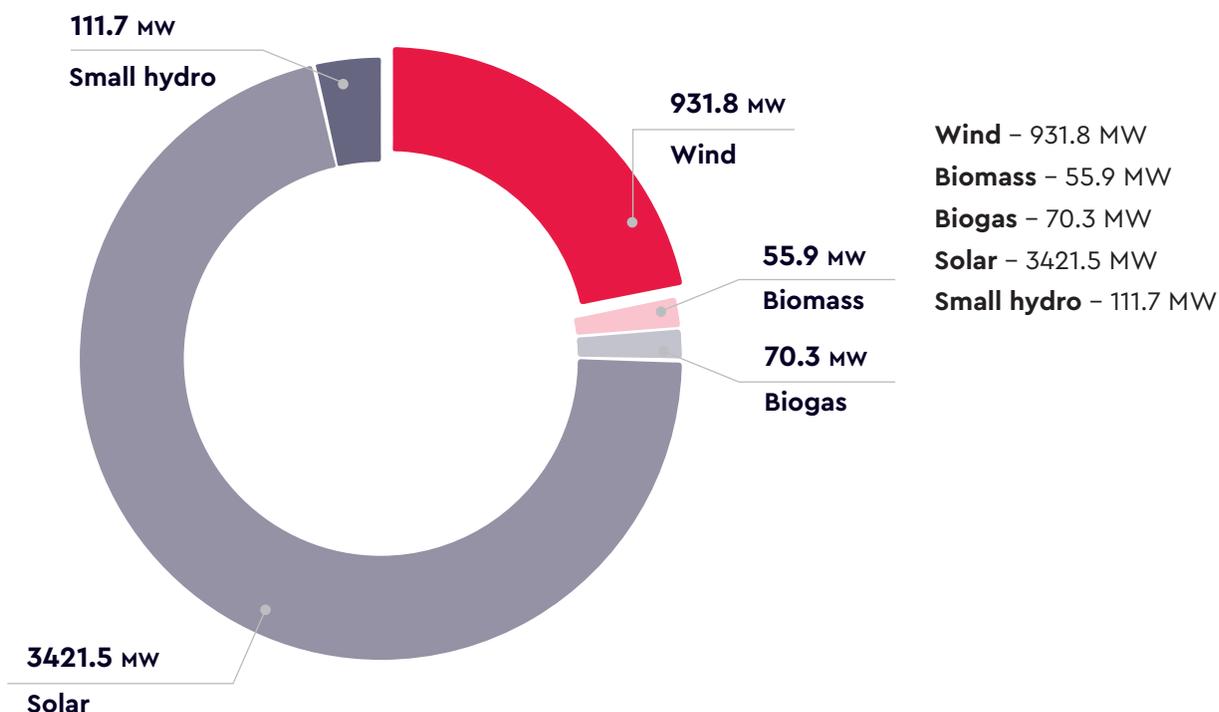
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II. General Overview of RES Development

The general capacity of installed renewable projects in Ukraine as of 1 October 2019 reached nearly **4.6 GW**. Solar and wind projects constitute the vast majority of commissioned capacities and represent **97.8%** of all renewable capacity. The share of renewables (including large hydro power plants) in electricity production in Ukraine is approaching **10%**.

RES Development in Ukraine as of 1 October 2019



It should be noted that Ukraine demonstrates significant growth of RES capacities during the third quarter of 2019:



956 MW of capacity was commissioned, which is almost **6 times** more than the capacity commissioned during Q3 2018



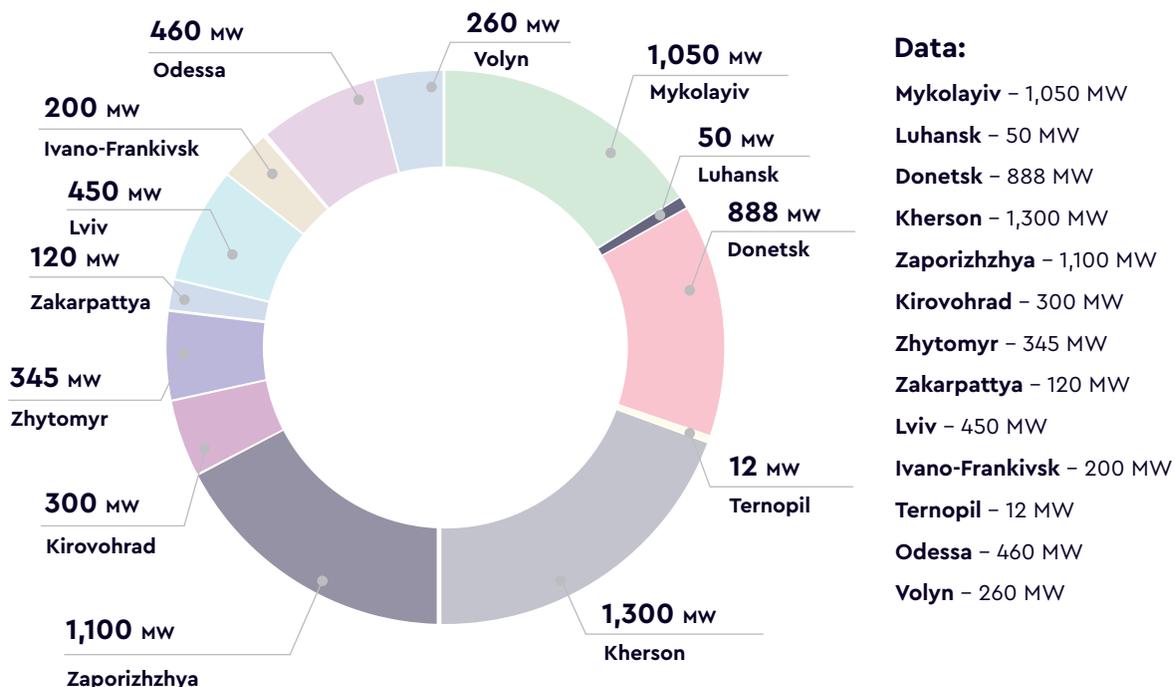
8.1 MW is average single capacity of RES objects commissioned in Q3 2019



Dnipropetrovsk Region (388.5 MW) was the leader in commissioning of RES objects in Q3 2019

Analysis conducted by the Ukrainian Wind Energy Association shows active growth in wind projects. According to the medium-range forecast the leaders geographically are Kherson Region and Zaporizhzhya Region with 1,300 MW and 1,100 MW of capacities respectively. The diagram indicates that Odessa Region and Lviv Region are experiencing stable growth of wind projects with nearly 460 MW and 450 MW respectively. High rates are also evident in Mykolayiv Region and Donetsk Region with 1,050 MW and 888 MW of capacities respectively.

Mid-Term Forecast for Wind Power Development



Data:

- Mykolayiv – 1,050 MW
- Luhansk – 50 MW
- Donetsk – 888 MW
- Kherson – 1,300 MW
- Zaporizhzhya – 1,100 MW
- Kirovohrad – 300 MW
- Zhytomyr – 345 MW
- Zakarpattya – 120 MW
- Lviv – 450 MW
- Ivano-Frankivsk – 200 MW
- Ternopil – 12 MW
- Odessa – 460 MW
- Volyn – 260 MW

This growth in RES capacity is dependent on the following prerequisites:

- feed-in tariff 10.18/9.05 euro cents per kWh until 2025
- significant potential of Ukraine in the bioenergy sphere, both in terms of biomass and biogas
- average wind speed in the southern and eastern regions of Ukraine is about 7.5–8.5 meters per second at a height of 100 meters
- average annual total amount of solar energy in Ukraine ranges from 1,070 kWh per m² in the northern part of Ukraine to 1,400 kWh per m² in the southern part of Ukraine

Ukraine has international obligations for the development of RES. The country also has a series of set targets in its Energy Strategy until 2035 and in the National Renewable Energy Action Plan.

According to the Decision D/2012/04/MC-EnC, Ukraine has an obligation to reach 11% of energy produced from RES (including large hydro power plants) in the overall structure of energy consumption of the country by 2020. According to research conducted for the Secretariat of Energy Community, a possible RES target for Ukraine until 2030 is 16.6% of overall energy from RES.

Moreover, the Energy Strategy of Ukraine until 2035 provides for an increase in the share of RES to 25%.

To achieve the abovementioned goals, Ukraine is implementing a system of RES support in the form of auctions.

On 25 April 2019, the parliament of Ukraine adopted the Law "On Amendments to Some Laws of Ukraine on Ensuring Competitive Conditions for the Production of Electricity from Alternative Energy Sources" which introduced auctions in Ukraine.

The Law about Auctions has amended the following laws of Ukraine:

- No. 555-IV "On Alternative Energy Sources" dated 20 February 2003
- No. 2019-VIII "On the Electricity Market" dated 13 April 2017
- No. 3038-VI "On the Regulation of Urban Development Activities" dated 17 February 2011

The start of the auction scheme for RES coincided with implementation of the new model of electricity market on 1 July 2019. Ukraine was obliged to implement a new electricity market according to the Treaty establishing the Energy Community and the Association Agreement between Ukraine and the European Union, European Atomic Energy Community and their Member States. The new electricity market of Ukraine features a design similar to the EU electricity market and shall ensure competition and protection of customer interests. At the same time, the new electricity market will allow coupling with the EU electricity market.

Within the framework of preparations for the launch of the new electricity market, on 26 April 2019, the National Energy and Utility Regulatory Commission adopted the Resolution No. 641 "On Approval of Legal Acts Governing the Activities of the Guaranteed Buyer and Purchase of Electricity Under the Feed-in Tariff", which contains:

- Order of Purchase of Electricity Under the Feed-in Tariff
- Template of Power Purchase Agreement

The Resolution also provides for procedure for replacement of SE "Energorynok" with the SE "Guaranteed Buyer" (the last one is a legal successor of the SE "Energorynok") with the introduction of the new electricity market.

III. State Support for RES Producers

3.1. Feed-in Tariff

Introduction of RES auctions doesn't mean full cancellation of the feed-in tariff support system in Ukraine. Both regimes will work in parallel till 2030. Already operating RES projects will continue selling electricity under FiT until 2030.

Moreover, FiT will be available until 2030 for the following projects:



projects of any capacity and type of RES technology that have been commissioned before 2020



projects of any capacity and type of RES technology that have signed preliminary PPA by 31 December 2019. Conditions for obtaining FiT in such cases include commissioning of the power plant within 2 years from the date of signing Pre-PPA for solar power plants, and 3 years for other types of RES



projects which will be constructed after 1 January 2020, which installed capacity is less than the capacity for which auctions are mandatory, in particular:

- solar projects with capacity less than 1 MW

- wind projects with capacity less than 5 MW or wind projects with 3 wind turbines regardless of unit capacity

3.1.1. Feed-in Tariff Rates

The NEURC approves feed-in tariffs for each RES producer.

The rate of the feed-in tariff for the RES producer depends on:



technology



capacity of the plant



date of commissioning

The Law of Ukraine "On Alternative Energy Sources" establishes the ratios for determination of the feed-in tariff for each plant.

The fixed minimum feed-in tariff for each RES producer is calculated according to the following formula:

$$\text{Fixed Feed-in tariff}_{\min} = \frac{\text{Retail tariff (01.01.2009)} \cdot \text{Ratio}}{\text{€ (01.01.2009)}}$$

Where:

- Retail tariff (01.01.2009) means the retail tariff for consumers of the second class of voltage in January 2009, UAH 58.46 for 1 kWh without VAT
- Ratio means the ration of feed-in tariff under Law of Ukraine "On Alternative Energy Sources"
- € (01.01.2009) means UAH exchange rate to EUR, officially set by the National Bank of Ukraine on 1 January 2009, UAH 1085.546 for EUR 100

The feed-in tariff rate is fixed to the EUR. Feed-in tariff shall be paid in UAH. However, each quarter NEURC makes adjustment of the size of the feed-in tariff in UAH.

The feed-in tariff is subject to adjustment by the NEURC each quarter according to the following formula:

$$\text{Feed-in tariff} = \text{Fixed Feed-in tariff}_{\min} \cdot \text{€}_{\text{average 30}}$$

Where:

- €average 30 means the average rate of UAH to the EUR in the last 30 calendar days, which is preceded by the date of the last meeting of the NEURC in the previous quarter, UAH for EUR 100 per formula:

$$\text{€ average 30} = \frac{\sum_{(\text{€ } d-31)} \text{€}}{30}$$

Where:

- € means the UAH rate to the EUR is officially set by the National Bank of Ukraine on the i-y date, UAH for EUR 100
- d means the date of the last meeting of the NEURC in the previous quarter

It should be noted that from 2020 feed-in tariff will be decreased:



for solar: by 25% with a further decrease of 2.5% each year for 3 years



for wind: by 10% in 2020 and by 10% in 2025

The feed-in tariff for biomass/biogas will be left without changes.

Feed-in Tariff per MWh under the Current Support Scheme

Type	Capacity (kW)	Commissioning date					
		2019 EUR per MWh	2020 EUR per MWh	2021 EUR per MWh	2022 EUR per MWh	2023–2024 EUR per MWh	2025–2029 EUR per MWh
Wind turbine	< 600	58.2	51.7	50.6	49.5	49	45.2
	600-2,000	67.9	60.3	59.2	58.2	57	52.8
	> 2,000	101.8	90.5	90.5	90.5	90.5	79.2
Solar PP	10 MW or <10 MW	150.2	112.5	108.8	105	101.2	97.5
	>10 MW	150.2	112.5	108.8	105	101.2	97.5
Biomass / Biogas PP		123.9					
Micro hydro PP	< 200	174.5	157.2				139.5
Mini hydro PP	200–1,000	139.5	125.5				111.5
Small hydro PP	1,000-10,000	104.5	94.2				83.5

3.1.2. Procedure for Obtaining Feed-in Tariff

License

After completion of RES object construction, the future RES producer may apply to NEURC to obtain a license for electricity production. It is necessary to obtain a license for electricity production, if the future RES producer intends to sell electricity to the SE "Guaranteed Buyer" under the feed-in tariff regardless of installed capacity. The RES producers that have obtained the right for support through auction must obtain a license for electricity production as well.

The future RES producers shall obtain a license for electricity production according to the licensing conditions for commercial electricity production, approved by Resolution of NEURC No. 1467 of 27 December 2017.

According to these Licensing Conditions, in order to obtain a license for electricity production, the future RES producer shall submit an application (standard form) to NEURC and the following documents:

- copy of the passport of the director (or representative)
- duly certified copies of documents confirming ownership or other rights to use resources for the production of electricity in the places of commercial activity
- duly certified copies of pages from the technical passports of electricity generating equipment confirming installed capacity of electricity generating equipment (in case of absence of technical passport – other documents confirming its technical characteristics)
- note with information about places and resources for production of electricity (standard form)
- scheme for RES object connection to the grid with indication of electricity metering equipment

The documents confirming right to use resources for the generation of electricity include a Certificate or registered Declaration of Readiness of Object for Operation. It is necessary to obtain a Certificate for RES objects with CC2 and CC3 class of consequences. For objects with CC1 class of consequences, it is necessary to register a Declaration of Readiness of Object for Operation. The State Architectural and Construction Inspection of Ukraine shall issue a Certificate or register Declaration of Readiness of Object for Operation within 10 working days.

NEURC shall issue a license for electricity production within 10 working days after receipt of the application and other required documents.

The next step is approval of feed-in tariff by NEURC.

Approval of Feed-in Tariff

On 30 August 2019, the NEURC approved the new Order for the Approval, Adjustment and Termination of the Feed-in Tariff on Electricity for Business Entities, Electricity Consumers, Including Energy Cooperatives, and Private Households, Whose Generating Facilities Produce Electricity from Alternative Energy Sources, by the Resolution No. 1817.

Decisions on approval of feed-in tariffs for RES producers are taken at a NEURC meeting, which is conducted in the form of a public hearing. **To secure feed-in tariff approval, the RES producer shall submit an application (standard form) to NEURC and the following documents:**

- explanatory note with detailed information about business entity (form of ownership, installed capacity and other characteristics of the RES object)
- summary calculation of RES object construction (the cost of generating equipment, cost of construction and adjustment works, cost of energy equipment and facilities located at the RES object, which is an integral part of the RES object)
- copy of explanatory note for the RES object construction project
- copy of technical conditions for grid connection of the RES object
- copy of the registered Notification on Commencement of Construction Works or Construction Permit, issued according to requirements of the Order of Execution of Preparatory and Construction Works, approved by the Resolution No. 466 of the Cabinet of Ministers of Ukraine of 13 April 2011

- copy of registered Declaration of Readiness of Object for Operation or Certificate that confirms compliance of completed RES object with design documentation and confirming readiness for operation, issued according to the Order of Acceptance into Operation of Completed Construction Objects, approved by the Resolution No. 461 of the Cabinet of Ministers of Ukraine of 13 April 2011
- general photo of the RES object in electronic form

Additionally, the business entity shall provide a copy of a concluded Pre-PPA, in case of commissioning of the RES object after 31 December 2019 and producing electricity from:



solar energy, if a SPP has installed capacity greater or equal to 1 MW



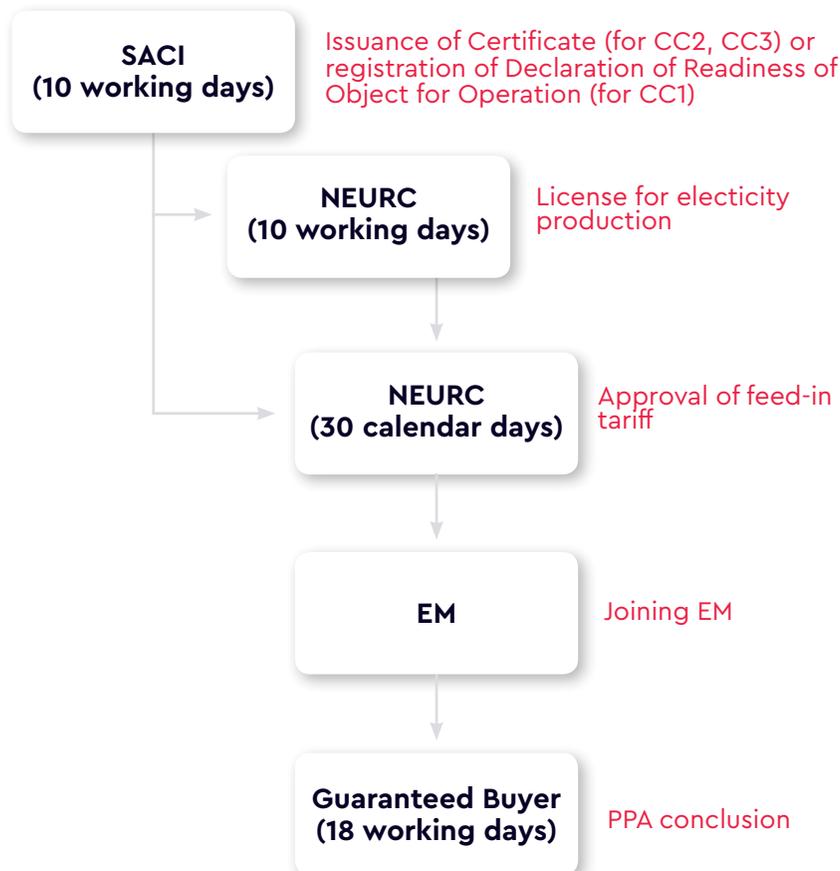
wind energy, if a WPP has installed capacity greater or equal to 5 MW, or consists of 3 or more wind units, regardless of the installed capacity

In case of any increase of total installed capacity of generating equipment at the RES object with an approved feed-in tariff following reconstruction, technical re-equipment or capital repair through additional installation of equipment or its replacement, the RES producer shall submit to NEURC application regarding approval / adjustment of feed-in tariff and the required documents.

Within 30 calendar days from the day of receipt of application and attached documents, the respective structural unit of NEURC reviews them, prepares and submits materials for the meeting of NEURC, which is conducted in the form of a public hearing. At the meeting, NEURC takes a decision on approval of feed-in tariff for RES producer.

After obtaining a feed-in tariff, the RES producer shall join the electricity market and then conclude PPA with SE "Guaranteed Buyer", which takes approximately 18 working days.

Procedure for obtaining feed-in tariff



3.2. RES Auctions

From 1 January 2020, a state support for the new RES projects will only be possible subject to their participation in the auctions. The state guarantees to purchase all electricity supplied by a RES generator at a price that depends on the auction results plus certain bonus for the use of the equipment produced in Ukraine.

3.2.1. Period for Preparing Auctions

The Law about Auctions entered into force on 22 May 2019 and from this date:

I. The Cabinet of Ministers of Ukraine shall:

- within 3 months ensure the development and approval of the procedure of conducting auctions for allocation of support quota
- within 6 months, but no later than 31 December 2019, ensure conducting of pilot auction for allocation of support quota, the size of which is determined by the decision on conducting such pilot auction
- by 1 December 2019, establish annual support quotas for the next 5 years

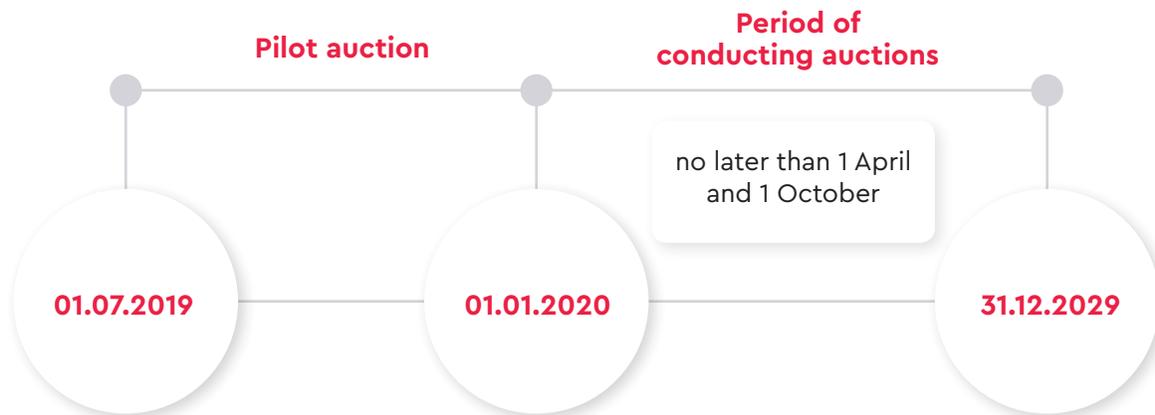
II. The NEURC shall:

- within 3 months, ensure the development and approval of a template power purchase agreement between the SE "Guaranteed Buyer" and the auction winner
- within 3 months, bring their regulatory legal acts into line with the Law about Auctions

3.2.2. Start of Auctions

The first auctions shall take place from 1 July 2019 until 31 December 2019. Such auctions are non-mandatory and will be pilot ones. Mandatory auctions start from 1 January 2020 and end on 31 December 2029.

Auctions shall be held twice a year, but no later than 1 April and 1 October.



3.2.3. Annual Quotas for RES Projects

The Cabinet of Ministers of Ukraine under the submission of the Ministry of Energy and Environmental Protection of Ukraine shall annually, but no later than 1 December, approve annual support quotas for the next 5 years.

Proposals on the size of annual quotas are prepared by the State Agency on Energy Efficiency and Energy Saving of Ukraine and TSO, taking into account Ukraine's international RE Commitments, the Energy Strategy of Ukraine, the results of conformity assessment (sufficiency) of generating capacities and the transmission grid development plan, as well as the status of RES project implementation.

The first yearly support quota shall be set for 2020.

The annual support quota shall be allocated for separate RES types as following:

**not less than
15%**

for solar energy
for wind energy
for other RES types

During the approval of annual support quotas, the Cabinet of Ministers of Ukraine may decide to conduct technologically neutral auctions (all the technologies using renewable energy sources for electricity production will be able to participate).

In case of non-allocation of part of the quota (fully or partially) for an auction for a certain type of RES, the Cabinet of Ministers of Ukraine may direct the non-allocated volume to the support quota for other types of RES for allocation for the next auction.

3.2.4. Participants of Auctions

Participation in auctions will be mandatory for:

- solar projects above 1 MW
- wind projects above 5 MW (except for objects with 3 wind turbines, regardless of installed capacity of such wind turbines)

Other RES producers, regardless of installed capacity and renewable energy source, may participate in auctions on a voluntary basis.

However, RES facilities cannot participate in auctions if they have already received a state support under the feed-in tariff or auction systems.

To participate in auctions, RES producers shall provide the following documents along with the application:

- irrevocable bank guarantee, provided in favor of SE "Guaranteed Buyer"
- copy of documents confirming ownership/lease rights to the land plot for the RES object construction
- copy of a grid connection agreement
- information about the ultimate beneficiary owner
- extract from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations
- copies of documents containing information about management bodies of the RES producer and their members
- information about persons connected with the RES producer by control relations

Auction participants shall also take into account the following:

- irrevocable bank guarantee for participation in the auction shall be submitted by the business entity separately for each RES object, for which the business entity intends to obtain the right for support
- amount of the RES object capacity, for which the business entity intends to obtain the right for support, cannot exceed the amount of capacity of such object under the grid connection agreement

3.2.5. Auction Scheme

The SE "Guaranteed Buyer" is responsible for organizing and carrying out auctions for RES producers. Auctions shall take place on the basis of the ProZorro system.

Auctions are conducted according to the agreement which shall be concluded between the SE "Guaranteed Buyer" and operators of electronic platforms. For participation in auctions, the future RES producers shall interact through electronic platforms connected to the central database of the electronic trade system.

Auction participants submit closed offers that contain:

- **technical proposal:** the amount of the RES object capacity in relation to which the participant intends to receive support
- **price offer:** price in eurocents per 1 kWh of electricity generated at the certain RES object

If the auction participant intends to take part in the auction to obtain the right for support regarding two or more RES facilities, the participant shall submit closed offers separately for each such facility.

Winners will be determined on the basis of simultaneous disclosure of technical and price proposals. The only criterion for choosing winners is price. Participants who have offered the lowest price within the quota of the respective RES type, which is allocated on the auction, are recognized as auction winners for the offered amount of capacity.

The minutes on auction results are formed automatically and published in electronic form by the electronic trade system on the day of the auction completion.

The auction winner and SE "Guaranteed Buyer", not later than 15 working days from the day of publishing the minutes on auction results, shall sign the minutes and conclude a PPA, after which the SE "Guaranteed Buyer" publishes this PPA in the electronic trade system.

In case of refusal of the auction winner to sign the minutes on auction results or conclude a PPA with the SE "Guaranteed Buyer", the electronic trade system automatically forms and publishes new minutes on auction results. The fact of the refusal of the auction winner to sign the minutes on auction results or conclude a PPA is subject to confirmation by a certificate, prepared and published in the electronic trade system by the SE "Guaranteed Buyer".

The auction winner who has refused to sign minutes or conclude a PPA with the SE "Guaranteed Buyer" loses the right to participate in further auctions for the period of one year.

The SE "Guaranteed Buyer" may refuse to sign the minutes or conclude a PPA with the auction winner in case of:

- failure by the participant to provide documents and data listed in the Law about Auctions and procedure for conducting auctions
- provision by the participant of inaccurate information in submitted documents
- non-disclosure or incomplete disclosure by the participant of information about the ultimate beneficiary owners
- if the participant or members of its management bodies, as well as other persons, connected with the participant by control relations, are subject to special economic and other restrictive measures (sanctions) according to the Law of Ukraine "On Sanctions" and normative legal acts, adopted according to the mentioned Law
- if by the results of auctions, conducted in any respective year, the participant independently or together with other participants, with which they have a joint ultimate beneficiary owner (supervisor), acquires the right to more than 25% of the amount of annual support quota for the respective year

In case of refusal of the SE "Guaranteed Buyer" to sign the minutes on auction results or conclude a PPA, the SE "Guaranteed Buyer" prepares the relevant certificate and publishes it in the electronic trade system. Based on this certificate, the electronic trade system forms and publishes automatically the new minutes on auction results.

3.2.6. Auction Price

The price offer of the auction participant cannot be higher than the rate of feed-in tariff determined for the RES object of the relevant category effective on the day of auction. The price offer of the auction participant producing electricity from other types of RES, cannot be higher than the rate of feed-in tariff determined for the electricity produced from biomass for 1 January 2020.

The auction price for each winner shall be determined at the level of the bid proposal of the auction participant. The auction price of the auction winner shall be fixed in EUR and its UAH equivalent, determined under the National Bank of Ukraine's official currency rate as of the date of agreement conclusion.

3.2.7. Bank Guarantees

Auction participants shall submit the following irrevocable bank guarantees:

Before participation in auction

In order to participate in an auction, the participants shall provide an irrevocable bank guarantee for the amount of EUR 5,000 per 1 MW separately for each RES object or stage of construction.

This irrevocable bank guarantee, provided for participation in an auction, shall be returned to:

- auction winner within 5 working days from the date of publication in the electronic trade system of the concluded PPA with the SE "Guaranteed Buyer"
- participants that have not obtained the right for support through auction, within 5 working days from the date of publication in the electronic trade system of the concluded PPA, but no later than 30 working days after the completion of the auction

In case of refusal of the auction winner or SE "Guaranteed Buyer" to sign the minutes on auction results or conclude a PPA, the irrevocable bank guarantee provided by the winner for participation in auction shall be carried out in favor of the SE "Guaranteed Buyer".

Before conclusion of the PPA

The auction winner shall provide an irrevocable bank guarantee for EUR 15,000 per 1 MW as security for fulfilment of obligations under the PPA.

The irrevocable bank guarantee provided by the auction participant as security for fulfilment of obligations under the PPA, shall be returned to him by the SE "Guaranteed Buyer" within 10 working days after completing the following determined periods:



for solar – 2 years
from the date of PPA
conclusion



for other types of RES –
3 years from the date of
PPA conclusion

after providing one of the following documents before the start of electricity supply to the grid:

- Certificate confirming the RES object compliance to the design documentation and readiness for operation, or
- registered Declaration of Readiness of the Object for Operation

In case of non-provision of these documents within the determined periods by the auction winner, the concluded PPA shall be invalid and obligations under the irrevocable bank guarantee shall be carried out in favor of the SE "Guaranteed Buyer" upon demand.

Before extension of time for construction

At the initiative of the auction winner, the term for construction and commissioning of the RES object may be extended up to 1 year providing an additional irrevocable bank guarantee for EUR 30,000 per 1 MW.

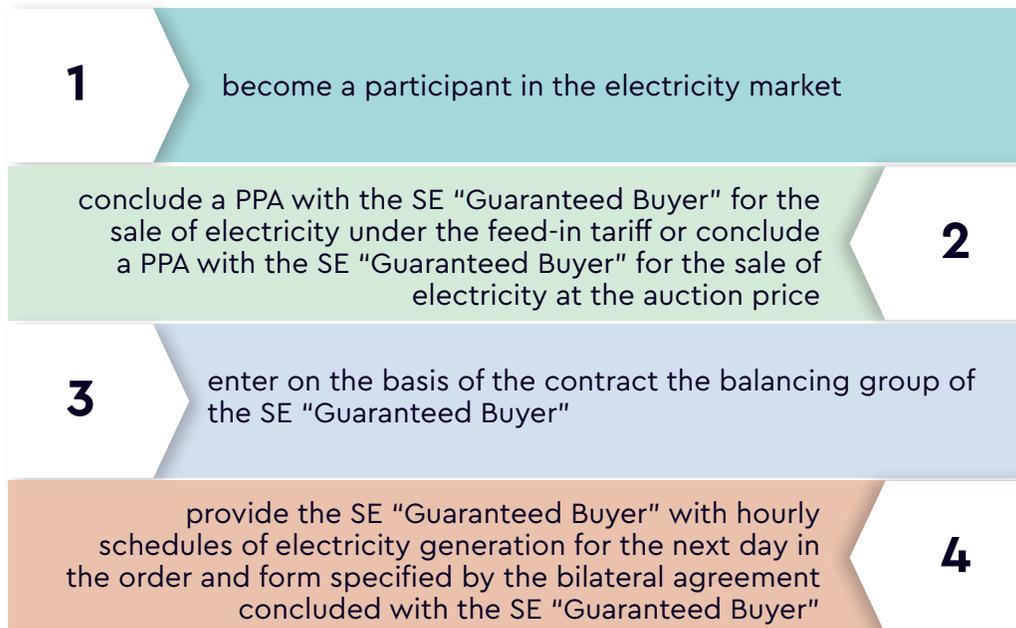
3.2.8. Ensuring Competition Among RES Producers

The mandatory condition for conducting auctions is ensuring competition among RES producers. In that regard, the Law about Auctions contains the following provisions:

- total capacity to be awarded to the winners as of the result of the auction cannot exceed 80% of the total capacity that all the participants have proposed in their bids for the auction
- maximum share of the annual quota that can be awarded to a single participant or several participants with one ultimate beneficiary owner cannot exceed 25% of the yearly quota

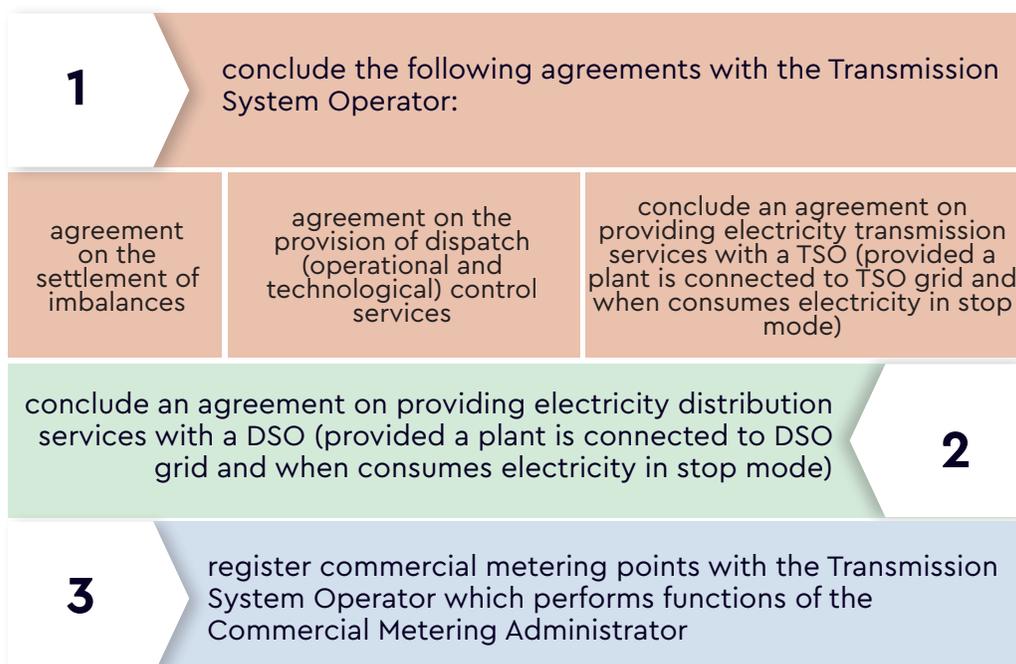
IV. New Electricity Market

In order to sell electricity on the new electricity market under the feed-in tariff or at auction price, the RES producers shall:



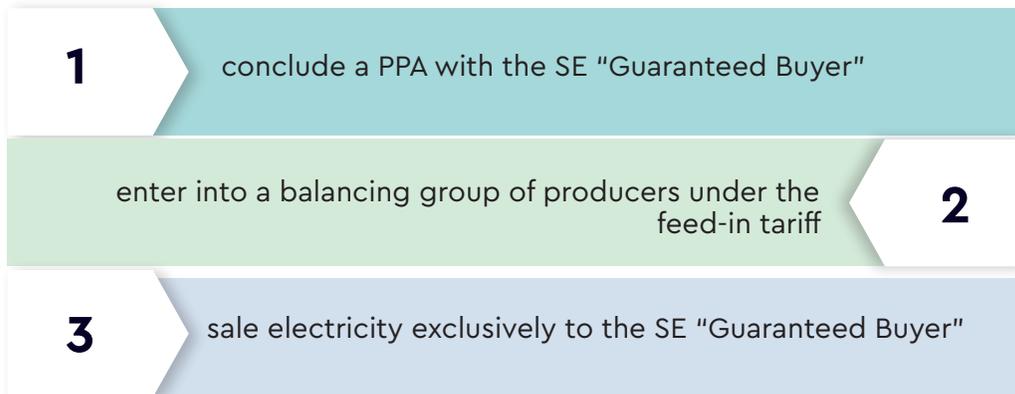
4.1. Participation in the New Electricity Market

In order to become a participant of the new electricity market, the RES producer shall:



4.2. Sale of Electricity Under Feed-in Tariff

In order to sell electricity under the FiT, RES producers shall:



4.2.1. Conclusion of Pre-PPA with SE "Guaranteed Buyer"

In order to conclude a Pre-PPA, candidates for RES producers shall provide an application to the SE "Guaranteed Buyer" along with the following documents:

- certified copy of charter
- certified copies of documents confirming powers of a director or an authorized person to conclude a PPA
- example of signature of a director or an authorized person
- certified copies of documents confirming ownership or right to use land plots for the RES object construction
- certified copy of registered Notification on Commencement of Construction Works or the obtained Construction Permit
- certified copy of the grid connection agreement

Within 15 working days from the day of receipt of all required documents, the SE "Guaranteed Buyer" shall provide the future RES producer with two copies of a signed Pre-PPA. Within 3 working days from the day of receipt of two copies of a Pre-PPA, the RES producer shall countersign such copies and return one copy of a countersigned Pre-PPA to the SE "Guaranteed Buyer".

PRE-PPA CONCLUSION SPECIAL FEATURES

Deadline for the Pre-PPA conclusion:

31 December 2019

Obligations of the candidate for RES producers:

RES object shall be commissioned

within 2 years from the date of the Pre-PPA conclusion for solar farm

within 3 years from the date of the Pre-PPA conclusion for other types of RES

Features of re-execution of the Pre-PPA, previously concluded with SE "Energorynok":

Candidates for RES producers, which have concluded Pre-PPA with SE "Energorynok", shall conclude Pre-PPA with the SE "Guaranteed Buyer" and provide full package of documents that is defined by the Order

4.2.2. Conclusion of PPA on Sale of Electricity Under Feed-in Tariff

In order to conclude a PPA on sale of electricity under FiT, RES producer shall provide his application and the following documents to the SE "Guaranteed Buyer" including:

- certified copy of charter
- certified copies of the documents confirming the powers of a director or an authorized person to conclude a PPA
- example of signature of a director or an authorized person

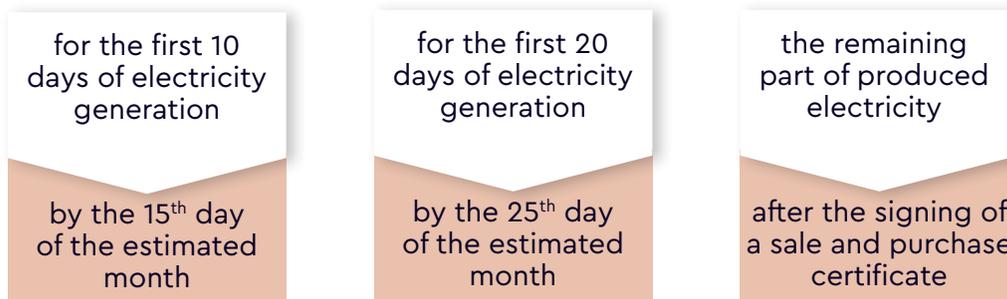
Within 15 working days from the day of receipt of all required documents, the SE "Guaranteed Buyer" shall provide to the candidate for RES producers two copies of a signed PPA. Within 3 working days from the day of receipt of these two copies of PPA, the RES producer shall countersign such copies and provide the SE "Guaranteed Buyer" with one copy of a countersigned PPA.

4.2.3. Main Provisions of PPA on Sale of Electricity Under Feed-in Tariff

The key provisions of the PPA include:

Duration: Until 2030

Payments: The SE "Guaranteed Buyer" shall perform payments for electricity supplied to RES producers as follows:



Dispute resolution: All disputes arising from or in connection with the PPA shall be resolved, if possible, through negotiations.

The parties may contact the Energy Community Secretariat's Dispute Resolution and Negotiation Centre for assistance in the amicable settlement of such disputes in the order established by the Procedural Act 2016/3/ECS of Energy Community Secretariat on the establishment of the Dispute Resolution and Negotiation Centre.

If the dispute cannot be resolved within the period provided by the Procedural Act 2016/3/ECS of Energy Community Secretariat, such dispute may be referred to arbitration, provided that the RES producer is an enterprise with foreign investments in line with the Commercial Code of Ukraine, or to the commercial court of Ukraine at the option of the RES producer.

All disputes in arbitration shall be resolved by the International Court of Arbitration of the International Chamber of Commerce (ICC) under the Arbitration Rules of the International Chamber of Commerce (ICC) by 3 arbitrators appointed in accordance with indicated Rules.

In such cases:

- arbitration location is Paris
- language of arbitration proceeding is English
- applicable law for PPA is substantive law of Ukraine

Any arbitration decision is final and binding for implementation by all parties. Each party has the right to refer to the competent court for recognition and enforcement of arbitration decision.

Liability of the SE "Guaranteed Buyer" / RES producer: In case of non-performance of obligations, the SE "Guaranteed Buyer" / RES producer shall:

- pay default interest of 0.1% of the non-performed payment (but not more than twice the discount rate of the NBU) for each day of delayed payment
- pay an additional fine of 7% of the non-performed payment, if the delay exceeds 30 days

Assignment: Assignment of rights and obligations may be performed after obtaining the written consent of the other party.

Amendments to the PPA: In case of legislative changes or amendments to the PPA, the SE "Guaranteed Buyer" publishes such changes online and sends an additional agreement to the RES producer to bring the PPA into line with the changes.

Forecasting volumes of electricity output: by 09:00 the day before the trading day, RES producers shall provide the SE "Guaranteed Buyer" with hourly daily schedules of electricity output and available capacity of generating units divided by technologies, tariffs/generation types/by renewable source type and by geographic region.

RES producers starting from 15:00 on the day before trading day, but no later than 2 hours and 45 minutes before the estimated period, shall provide the SE "Guaranteed Buyer" with an updated schedule of electricity output and available capacity of generating units divided by technologies, tariffs/generation types/by renewable source type and by geographic region for each estimated period of the trading day.

In case of emergency stops at a generating unit under the feed-in tariff with a capacity of more than 1 MW or emergency decrease of its available capacity by more than 1 MW, the RES producer within 24 hours shall provide the SE "Guaranteed Buyer" and Transmission System Operator with notification regarding such stops with reasons for the emergency stop and forecasted date of recovery.

4.3. Sale of Electricity at Auction Price

Support for RES producers that have obtained the right for state support through auction is based on the concluded PPA between the SE "Guaranteed Buyer" and the RES producer.

The PPA is subject to conclusion on the basis of a PPA template between the SE "Guaranteed Buyer" and the future RES producer, which, according to the results of the auction, has received a state support. The PPA template is subject to approval by the NEURC after approval by the Antimonopoly Committee of Ukraine.

The SE "Guaranteed Buyer":

- guarantees to purchase all electricity released by the RES producer at the auction price with the relevant premium to it for the use of equipment of the Ukrainian origin
- could not to refuse to conclude the PPA with the winner of the auction in case of compliance with all requirements

4.3.1. Main Provisions of PPA on Sale of Electricity at Auction Price

The key provisions of the PPA on Sale of Electricity at Auction Price include:

Duration of the PPA

The period of a state support granted under the PPA will be 20 years from the day following:

- date of provision of the Certificate that confirms compliance of completed RES object with design documentation OR
- date of provision of the registered Declaration of Readiness of RES Object for Operation
- date of beginning of electricity supply to the grid

If the RES facility is commissioned by phases, such facility requires installation of separate commercial metering for each construction phase for which a state support is applied separately.

Auction Price

In a PPA between the SE "Guaranteed Buyer" and the business entity that has obtained the right for a state support through auction, the auction price is fixed in EUR and its UAH equivalent, determined under the National Bank of Ukraine's official currency rate as of the date of agreement conclusion.

Payments

Payments for electricity shall be performed monthly, but no later than the 20th day of the month following the relevant period. In determining the cost of the electricity to be paid, the auction price is converted by the SE "Guaranteed Buyer" into UAH at the average official currency rate of the National Bank of Ukraine for the estimated period.

Obligations of the Auction Winner

The RES object shall be constructed and commissioned within:



By the initiative of the business entity, the period of RES object construction and commissioning can be extended for one year after amendments to the PPA and provision an additional irrevocable bank guarantee for 30,000 EUR per 1 MW of capacity.

Force Majeure

In the event of force majeure circumstances, the obligations of the business entity regarding the determined period of RES object construction and commissioning shall be extended for the duration of the force majeure circumstances. The fact of their occurrence and period of validity must be confirmed in the manner prescribed by the law.

V. Special Conditions for RES Producers

5.1. Incentives for RES Development

5.1.1. Premium to Feed-in Tariff or Auction Price for Use of the Ukrainian Equipment

The state stimulates investors to use equipment of Ukrainian origin by providing the premium fee to the feed-in tariff or auction price. Such premium is proportional to the level of the use of Ukrainian equipment at the relevant RES facility. The premium for the use of the Ukrainian equipment is applied to RES objects commissioned from 1 July 2015 until 31 December 2024.

Premium to feed-in tariff and auction price, %	Level of use of equipment of Ukrainian manufacture, %
5	≥30, but <50
10	≥50

The premium fee for using equipment of Ukrainian manufacture is calculated:

- for RES producers under the feed-in tariff – by the NEURC
- for RES producers under the auction price – by the SE "Guaranteed Buyer"

Conformity with requirements established by the Law of Ukraine "On Alternative Energy Sources" shall be determined by the NEURC on the basis of supporting documents.

The level of use of equipment of Ukrainian manufacture at RES facility is defined as the sum of the respective percentages of the specific items of equipment. In cases of several identical components of equipment being installed at the RES facility, the specific percentage of the component is taken into account for calculation, provided that each identical component has Ukrainian origin.

Ukrainian legislation provides a list of equipment for each type of RES that qualifies for the premium.

The specific percentages of the components of equipment used at the wind power plants are as follows:

Components of equipment	Specific percentage, %
Blades	30
Tower	30
Gondola	20
Main frame	20
Totally for object	100

The Ukrainian origin of equipment shall be confirmed by a Certificate of Origin issued by the Ukrainian Chamber of Commerce.

5.1.2. VAT Exemption for RES Equipment Imported to Ukraine

In line with the Law of Ukraine No. 2628-VIII "On Amendments to the Tax Code of Ukraine and Some Other Legislative Acts of Ukraine in Improving the Administration and Revision of Individual Taxes and Fees" from 1 January 2019 and until 31 December 2022, RES equipment imported to Ukraine under the following codes of the Ukrainian Classification of Goods of Foreign Economic Activity is exempt from paying Ukrainian VAT:

- wind power generators (UCGFEA code 8502 31 00 00)
- photosensitive semiconductor devices, including photovoltaic cells, assembled or not assembled in the module, mounted or not mounted in the panel (UCGFEA code 8541 40 90 00)
- liquid dielectric transformers with capacity exceeding 10,000 kVA (UCGFEA code 8504 23 00 00)
- inverters with capacity exceeding 7.5 kVA (UCGFEA code 8504 40 88 00)

5.1.3. Construction of RES Projects on Lands for Industrial Use

The Law No. 2628-VIII "On Amendments to the Tax Code of Ukraine and Some Other Legislative Acts of Ukraine in Improving the Administration and Revision of Individual Taxes and Fees" provides for development and construction of RES objects not only on land with a designated purpose of "land for energy", but also on land which belong to more general category such as "land for industry, transport, telecommunications, energy, defense and other designation" starting from 1 January 2019.

As a consequence, the Law No. 2628-VIII allows to develop and construct RES objects on the land plots with other official designated purpose of use within the framework of the above-mentioned general category, without the necessity to change the designation of land.

5.2. Validity of Technical Conditions

Technical conditions for RES objects shall be valid for:



2 years for solar power plants (from the day of issuance)



3 years for other types of RES (from the day of issuance)

Technical conditions for RES objects that were issued before the coming into force of the Law about Auctions shall be valid for:



2 years for solar power plants (from the day of coming into force of the Law about Auctions)



3 years for other types of RES (from the day of coming into force of the Law about Auctions)

Technical conditions that were issued for the RES object of the auction winner shall be valid for the term of fulfillment of obligations regarding construction and commissioning of the RES objects.

Technical conditions and grid connection agreements that were issued / concluded before coming into force of the Law about Auctions shall be brought into line with the Law about Auctions.

5.3. Imbalance Liability

The Law of Ukraine "On Electricity Market" provides for imbalance responsibility for RES producers – members of the balancing group of the SE "Guaranteed Buyer", while the SE "Guaranteed Buyer" will act as their balancing responsible party. RES producers, which are not members of the balancing group of the SE "Guaranteed Buyer", shall be responsible for imbalances before the Transmission System Operator on their own.

Thus, from 1 January 2021 onwards, renewable energy generators will start bearing the cost of the created imbalances.

Imbalance liability of a RES generator depends on the RES object commissioning date

RES producers with RES objects commissioned before the enactment of the Law "On Electricity Market" (11 June 2017) shall not be responsible for created imbalances of electricity until 31 December 2029. All RES generators will have financial responsibility for created imbalances after 1 January 2030.

▪ Before recognition of the intraday market as liquid

It should be noted that the share of RES financial responsibility increases gradually by 10 percent per year till reaching 100% in 2030.

Imbalance liability also depends on the rate of created imbalances, in particular:

- until 31 December 2029, a business entity producing electricity at a wind power plant and being a member of the balancing group of the SE "Guaranteed Buyer", shall take financial responsibility if the rate of created imbalances exceeds 20%
- until 31 December 2029, a business entity producing electricity at a solar power plant and being a member of the balancing group of the SE "Guaranteed Buyer", shall take financial responsibility if the rate of created imbalances exceeds 10%
- until 31 December 2029, a business entity producing electricity at micro-, mini- and small hydropower plants and being a member of the balancing group of the SE "Guaranteed Buyer", shall take financial responsibility if the rate of created imbalances exceeds 5%
- from 31 December of the year, in which the RES share reaches 5% in the energy mix of Ukraine, wind power generators shall take financial responsibility if the rate of created imbalances exceeds 10%, while solar and small hydro power generators shall have financial responsibility if the rate of created imbalances exceeds 5%

▪ After recognition of the intraday market as liquid or after 2024

RES producers with RES objects commissioned after the recognition of the intraday market as liquid or after 2024 will bear full balance liability.

5.4. Financial Guarantees

Financial guarantee – funds and/or bank guarantee, provided by the party responsible for the balance, to the Transmission System Operator to ensure fulfillment of financial obligations regarding settlements for imbalances of electricity.

Financial guarantees shall be provided in case that:

- the RES producer is not a member of the balancing group of the SE "Guaranteed Buyer" – a financial guarantee shall be provided by the RES producer on its own
- the RES producer is a member of balancing group of the SE "Guaranteed Buyer" – a financial guarantee for the whole balancing group shall be provided by the SE "Guaranteed Buyer"

Abbreviations

Distribution System Operator	Distribution System Operators are legal entities responsible for safe, reliable and efficient operation, technical maintenance and development of the power grids with a voltage up to 110 kV. Distribution System Operators provide services on distribution of electricity from PrJSC "NPC "Ukrenergo" to consumers as specified in the Law of Ukraine "On Electricity Market"
DSO	Distribution System Operator
EM	Electricity market
FiT	Feed-in Tariff
Law about Auctions	The Law of Ukraine No. 2712-VIII "On Amendments to Some Laws of Ukraine on Ensuring Competitive Conditions for the Production of Electricity from Alternative Energy Sources" from 25 April 2019
Law No. 2628-VIII	The Law of Ukraine No. 2628-VIII "On Amendments to the Tax Code of Ukraine and Some Other Legislative Acts of Ukraine in Improving the Administration and Revision of Individual Taxes and Fees" from 23 November 2018
Law on Electricity Market	The Law of Ukraine No. 2019-VIII "On the Electricity Market" from 13 April 2017
Licensing Conditions	Licensing conditions for carrying out commercial activity on electricity production, approved by Resolution of NEURC No. 1467 of 27 December 2017
NEURC	National Energy and Utility Regulatory Commission
Order	The Order of Purchase of Electricity Under the Feed-in Tariff, approved by Resolution of NEURC No. 641 of 26 April 2019
PP	Power plant
PPA	Power Purchase Agreement
Pre-PPA	Preliminary Power Purchase Agreement
RE	Renewable Energy
RES	Renewable energy sources
Resolution	The Resolution No. 641 "On Approval of Legal Acts Governing the Activities of the Guaranteed Buyer and Purchase of Electricity Under the Feed-in Tariff"
SACI	State Architectural and Construction Inspection of Ukraine
SE "Energorynok"	State Enterprise "Energorynok"
SE "Guaranteed Buyer"	State Enterprise "Guaranteed Buyer"
SPP	Solar power plant
Transmission System Operator	Definition is specified in the Law on Electricity Market. Transmission System Operator or PrJSC "NPC "Ukrenergo" is the legal entity responsible for transmission of electricity from producers to consumers via power grids with a voltage from 110 kV to 750 kV. Besides, Transmission System Operator performs dispatch control of the modes of operation of Ukraine's Integrated Power System and ensures operational security of the Integrated Power System of Ukraine
TSO	Transmission System Operator
UCGFEA	Ukrainian Classification of Goods of Foreign Economic Activity
WPP	Wind power plant

Template of Power Purchase Agreement

Under the feed-in tariff

Text of the agreement according to the draft Resolution of NEURC "On Amendments to the Resolution of NEURC No. 641 of 26 April 2019"

[Place]

[Date]

[•] (hereinafter – the "**guaranteed buyer**"), acting on the basis of the license for conducting economic activity for the implementation of functions of the guaranteed buyer, represented by [•], acting on the basis of [•], as one party, and

[•] (business entity, which produce electricity by using alternative energy sources, (hereinafter– the "**seller under the feed-in tariff**"), or consumer with established feed-in tariff), acting on the basis of [•], represented by [•], acting on the basis of [•], as the other party,

collectively referred to as the Parties, and each separately as the Party, have concluded this Power Purchase Agreement under the feed-in tariff (hereinafter – the "**Agreement**") as follows:

1. Subject matter of the Agreement

1.1. Under this Agreement the seller under the feed-in tariff undertakes to sell, and guaranteed buyer undertakes to purchase all delivered electricity produced by the seller under the feed-in tariff, and make payments according to the conditions of this Agreement and legislation of Ukraine, including the Order of purchase by the guaranteed buyer of electricity, produced from alternative energy sources, approved by Resolution of the NEURC No. 641 dated 26 April 2019 (hereinafter – the "**Order**"), or the Order of sale and metering of electricity, produced by consumers, and conducting payments for it, approved by Resolution of the NEURC No. [•] of [•] (hereinafter – the "**Order for sale of electricity by consumers**").

2. General conditions of the Agreement

2.1. The parties acknowledge their obligations under the Laws of Ukraine "On Electricity Market", "On Alternative Energy Sources", Order, Order for sale of electricity by consumers, Market Rules, approved by Resolution of NEURC No. 307 dated 14 March 2018, Day-ahead and Intraday Market Rules, approved by Resolution of NEURC No. 308 dated 14 March 2018 and are guided by the provisions thereof as well as provisions of the legislation of Ukraine, during the implementation of this Agreement.

2.2. The purchase and sale of electricity under this Agreement shall be conducted, provided that the seller under the feed-in tariff is a member of the balancing group of the guaranteed buyer.

2.3. The seller under the feed-in tariff undertakes to sell, and the guaranteed buyer undertakes to purchase all delivered electricity at the points of commercial metering of electricity of generating units of the seller under the established feed-in tariff including the premium to the tariff.

2.4. The seller under the feed-in tariff shall sell electricity to the guaranteed buyer according to the Order, in case the seller is the producer under the feed-in tariff, or Order for sale of electricity by consumers, in case the seller is the consumer under the feed-in tariff, at tariffs, values of which for each generating unit under the feed-in tariff has been established by the National Energy and Utility Regulatory Commission (hereinafter – the "**NEURC**") in the national currency of Ukraine.

2.5. The cost of electricity purchased by the guaranteed buyer from the seller under the feed-in tariff in the reporting month, shall be determined according to chapter 11 of the Order and chapter 6 of the Order for sale of electricity by consumers, on the basis of tariffs, established by the NEURC for each generating unit.

3. Conditions for determining the volumes of purchase and sale of electricity and payment terms and schedule

3.1. The volume of actually sold and purchased electricity shall be determined according to the provisions of chapter 9 of the Order or chapter 5 of the Order for sale of electricity by consumers on the basis of accounting data, provided to the guaranteed buyer by the commercial metering administrator according to chapter 8 of the Order or chapter 4 of the Order for sale of electricity by consumers.

3.2. Payments for electricity purchased by the guaranteed buyer shall be conducted by transferring monetary funds to the seller's under the feed-in tariff current account with VAT included.

3.3. Payment of commodity output (electricity) purchased by the guaranteed buyer from sellers under the feed-in tariff in the reporting month, and formation of acts of sale and purchase of electricity, and acts of sale and purchase of reimbursement the share of cost for settlement of imbalances of electricity, shall be made according to the provisions of chapter 11 of the Order or chapter 6 of the Order for sale of electricity by consumers.

4. Rights, obligations and liability of the Parties

4.1. The seller under the feed-in tariff has the right to demand from the guaranteed buyer full and timely payment of commodity output according to chapter 3 of this Agreement.

4.2. The seller under the feed-in tariff undertakes to:

1) carry out sale of electricity to the guaranteed buyer the overall volume of electricity produced by power facility which produces electricity from the alternative energy sources except volume of electricity required for own needs of the mentioned power facility;

2) provide the guaranteed buyer with the mandatory physical data, long-term and daily applications, actual and other data as required by the Order and the Order for sale of electricity by consumers. Methods and form of providing information shall be established in the instruction on provision of the forecast data, developed by the guaranteed buyer and posted on the guaranteed buyer's own website;

3) in case of changes in the system of taxation, notify the guaranteed buyer in writing about the date of transition to the new taxation system;

4) provide the guaranteed buyer with all information in the manner and time stipulated by this Agreement, Order or Order for sale of electricity by consumers;

5) carry out payment of contributions for the establishment of a special (trust) fund intended to cover the arbitration fees of the guaranteed buyer.

4.3. The seller under the feed-in tariff bears liability for:

1) breach of the deadlines of data provision or provision of data not in full, which must be submitted under the terms of this Agreement, Order or Order for sale of electricity by consumers;

2) deviations of actual from physical hourly daily schedules of delivery of electricity;

3) breach of the payment deadlines for consumed electricity, payment on reimbursement the share of cost for settlement of imbalances of electricity and contributions for the establishment of the special (trust) fund, intended to cover arbitration fees of the guaranteed buyer.

4.4. The guaranteed buyer has the right to:

1) demand from the seller under the feed-in tariff the sale of all delivered electricity, except the volume of electricity required for own needs of the mentioned power facility;

2) demand from the seller under the feed-in tariff the provision of mandatory physical data, long-term and daily applications, factual and other data according to requirements of the Order or Order for sale of electricity by consumers;

3) demand from the seller under the feed-in tariff information regarding forecasted volumes of electricity delivery according to chapter 3 of the Order or chapter 3 of the Order for sale of electricity by consumers;

4) demand from the seller under the feed-in tariff the payment for consumed electricity, reimbursement the share of cost for settlement of imbalances of electricity and contributions for the establishment of the special (trust) fund, intended to cover arbitration fees of the guaranteed buyer.

4.5. The guaranteed buyer undertakes to:

- 1) purchase from the seller under the feed-in tariff produced electricity, except volumes of electricity required for own needs;
- 2) make timely full payments for the electricity purchased from the seller under the feed-in tariff;
- 3) calculate the amount of reimbursement the share of cost for settlement of imbalances of electricity of the seller under the feed-in tariff according to the provisions of chapter 9 of the Order or Order for sale of electricity by consumers.

4.6. The guaranteed buyer bears liability for violation of the order of payment by the seller under the feed-in tariff, which is determined in chapter 10 of the Order or chapter 6 of the Order for sale of electricity by consumers. A penalty is charged from the guaranteed buyer of 0.1% of the unpaid in accordance with the Order or the Order for sale of electricity by consumers amount (but no more than double the NBU discount rate available at the date of settlement) for each day of delay of payment. The guaranteed buyer may be charged additionally with a fine of 7 per cent of the unpaid in accordance with the Order or the Order for sale of electricity by consumers amount for payments not transferred for more than 30 days to the seller under the feed-in tariff account according to the order of payment. Fines and penalties shall be paid by the guaranteed buyer from the guaranteed buyer's current accounts to the sellers under the feed-in tariff current accounts.

4.7. The seller under the feed-in tariff bears liability for breach of order of payment to the guaranteed buyer, which is defined in chapters 11 and 12 of the Order or the Order for sale of electricity by consumers. A penalty is charged from the seller under the feed-in tariff in the amount of 0.1% of the unpaid in accordance with the Order or the Order for sale of electricity by consumers amount (but no more than double the NBU discount rate available at the date of settlement) for each day of non-receipt of such funds into the guaranteed buyer's account. The seller under the feed-in tariff may be charged additionally with a fine of 7 per cent of the unpaid in accordance with the Order or the Order for sale of electricity by consumers amount – for not transferred for more than 30 days into the guaranteed buyer's account due funds according to the order of payment. Fines and penalties shall be paid by the seller under the feed-in tariff from the seller's under the feed-in tariff current accounts to the guaranteed buyer's current accounts.

4.8. Payment of penalty and/or fine does not exempt the Parties from obligations for payment of the cost of electricity purchased from the seller under the feed-in tariff.

5. Force Majeure

5.1. Force majeure circumstances are extraordinary and inevitable circumstances that objectively make it impossible to fulfil obligations stipulated by the terms of the Agreement, duties under legislative and other regulatory acts, in particular: threat of war, armed conflict or serious threat of such a conflict, including, but not limited to, hostile attacks, military embargoes, acts of a foreign enemy, general military mobilization, hostilities, declared and undeclared war, acts of a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, blockade, revolution, coup, insurrection, mass riots, the introduction of a curfew, expropriation, dispossession, takeover of enterprises, requisition, civil demonstration, strike, accident, unlawful actions of third parties, fire, explosion, long breaks in the work of transport, regulated by the conditions of relevant decisions and acts of state authorities, closure of sea channels, embargoes, prohibition (restriction) of export/import etc., as well as caused by exceptional weather conditions and natural disasters, namely: epidemic, severe storm, cyclone, hurricane, tornado, whirlwind, flood, accumulation of snow, ice-covered ground, hail, ground frost, freezing of sea, channels, ports, passes, earthquake, lightning, fire, drought, soil slide and subsidence, other natural disasters, that cause impossibility of fulfilment by one of the Parties of obligations under the Agreement.

5.2. Upon occurrence of a force majeure events, the Parties shall be released from the performance of obligations under this Agreement for the duration of the force majeure events and elimination of its consequences.

5.3. The occurrence of the force majeure events shall be confirmed by the relevant document to be issued by the Chamber of Commerce and Industry of Ukraine or its territorial subdivisions in accordance with the laws.

5.4. The affected Party shall immediately send by any available means of communication a message to the other Party about the event declared as force majeure and, as soon as possible, shall provide information about the measures taken to eliminate the consequences of this event.

5.5. If the force majeure events continue more than three months, the Parties shall decide regarding further performance of the Agreement.

6. Dispute resolution

6.1. All disputes, claims and discrepancies between the Parties, which may arise from the terms of the Agreement or in connection with it (hereinafter – the "**Dispute**"), shall be resolved, if possible, through negotiations.

The parties may contact the Energy Community Secretariat's Dispute Resolution and Negotiation Centre for assistance in the amicable settlement of such Disputes in the order established by the Procedural Act 2016/3/ECS of Energy Community Secretariat on the establishment of the Dispute Resolution and Negotiation Centre.

If the Dispute which is to be resolved in the order established by the Procedural Act 2016/3/ECS of Energy Community Secretariat on the establishment of the Dispute Resolution and Negotiation Centre cannot be resolved within the period provided by the Procedural Act 2016/3/ECS of Energy Community Secretariat, such dispute shall be resolved in accordance with clause 6.2 of this Agreement.

6.2. If the seller under the feed-in tariff is the producer under the feed-in tariff, and if the Disputes cannot be resolved in the order provided for in clause 6.1 of this chapter, they shall be resolved in the manner specified in clause 6.3 of this chapter.

6.3. If the seller under the feed-in tariff is the producer under the feed-in tariff, all Disputes may be referred to arbitration under the Arbitration Rules of the International Chamber of Commerce (ICC) with the place of arbitration the city of Paris (France), provided that the producer under the feed-in tariff is an enterprise with foreign investments in the meaning of the Commercial Code of Ukraine, or the commercial court of Ukraine at the option of the producer under the feed-in tariff.

The Disputes may be referred to arbitration under the Arbitration Rules of the International Chamber of Commerce (ICC) with the place of arbitration in the city of Paris (France), provided that the seller under the feed-in tariff is the producer under the feed-in tariff, such producer under the feed-in tariff is an enterprise with foreign investments in the meaning of the Commercial Code of Ukraine, and during the conclusion of this Agreement, such producer under the feed-in tariff indicated the necessity to resolve disputes in arbitration in an application, which is provided by him in accordance with clause 2.2 of the Order.

6.4. All disputes and controversies, which are referred and shall be resolved by arbitration shall be considered by the International Court of Arbitration of the International Chamber of Commerce (ICC) under the Arbitration Rules of the International Chamber of Commerce (ICC) by three arbitrators appointed in accordance with indicated Rules. **In such cases:**

- the place (or the place of conducting) of arbitration shall be Paris;
- the language used during the arbitration shall be English;
- the applicable law of this Agreement shall be the substantive law of Ukraine.

Any arbitral award delivered in accordance with this clause shall be final and binding upon the Parties. Each of the Parties has the right to apply to any competent court for recognition and enforcement of the arbitral award.

6.5. In other cases, which are not defined by clauses 6.1–6.4 of this chapter, all Disputes shall be considered by the commercial court of Ukraine in accordance with the procedure established by the current legislation of Ukraine.

7. Other conditions

7.1. The rights and obligations arising under this Agreement for one of the Parties cannot be assigned to third parties without written consent of the other Party under this Agreement.

7.2. The Agreement and its annexes, may be amended in case of amendments to the approved template of the power purchase agreement under the feed-in tariff.

7.3. Without limitation the rights of the seller under the feed-in tariff, provided for in this chapter, in case of changes to the legislation of Ukraine or changes to the approved template of the power purchase under the feed-in tariff, the guaranteed buyer shall publish such changes on its website and provide to the seller under the feed-in tariff the additional agreement regarding bringing this Agreement into line with the new version of the template of the power purchase agreement under the feed-in tariff in two copies.

Within 15 working days from the day of receipt from the guaranteed buyer two copies of the additional agreement regarding bringing this Agreement into line with the new version of the template of power purchase agreement under the feed-in tariff, the seller under the feed-in tariff must sign them and provide to the guaranteed buyer one copy of signed additional agreement regarding bringing this Agreement into line with new version of the template of power purchase agreement under the feed-in tariff.

If the seller under the feed-in tariff has not provided guaranteed buyer with one copy of the signed additional agreement regarding bringing of this Agreement into line with the new version of the template of power purchase agreement under the feed-in tariff within 10 calendar days from the moment of sending by guaranteed buyer of such additional agreement, it shall be considered that the seller under the feed-in tariff has initiated termination of this Agreement.

7.4. If the seller under the feed-in tariff is the business entity which has license for carrying out commercial activity on electricity production, the Regulator has already set the feed-in tariff for him, and the seller under the feed-in tariff has concluded with the transmission system operator an agreement for the settlement of imbalances, this Agreement shall take effect from the date of its signing by the Parties and shall be valid throughout the duration of the feed-in tariff (until 1 January 2030).

7.5. If the seller under the feed-in tariff is the producer under the feed-in tariff and the business entity which intends to produce electricity from alternative energy sources (except blast-furnace and coke gas and, in case of using hydropower – only at micro-, mini- and small hydropower plants) and this Agreement is signed prior to the construction and/or commissioning of the relevant electricity production facilities of the seller under the feed-in tariff and/or prior to the establishment of the feed-in tariff by the Regulator for the seller under the feed-in tariff and/or conclusion by the seller under the feed-in tariff with the transmission system operator the agreement for the settlement of imbalances:

chapters 1,6–9 of this Agreement shall become effective from the date of signing of the Agreement by the Parties;

chapters 2–5 of the Agreement shall become effective from the first day of the month, following the month in which the last of the following conditions has been fulfilled:

- 1) the seller under the feed-in tariff has obtained the license for carrying out commercial activity on electricity production;
- 2) a feed-in tariff for the seller under the feed-in tariff has been established;
- 3) the seller under the feed-in tariff has concluded with the transmission system operator the agreement for the settlement of imbalances.

7.6. The Agreement may be terminated prior to the expiry of its term by mutual consent of the Parties or by a court decision. The Party to the Agreement which considers it necessary to terminate the Agreement, must send the proposal to the other Party by a registered letter or a registered letter with stated value. The Party which has received the proposal to terminate the Agreement, shall inform the other Party of its response within twenty days after receipt of the proposal. In case of failure to reach an agreement by the Parties regarding termination of the Agreement or if no response is received within the defined term, the interested Party has a right to refer the dispute to court for resolving. Upon reaching by the Parties consent on the termination of the Agreement, the validity of the Agreement regarding settlements shall be terminated upon full performance by the Parties of their obligations.

7.7. If the power facility or the construction stage of power plant (launch complex), regarding which this power purchase agreement under the feed-in tariff has been concluded, has not been commissioned within three years from the date of registration of the relevant declaration about commencement of performance of construction works or obtaining of the permit for performance of construction works, this Agreement shall be null and void.

7.8. The Parties have the right to terminate the Agreement at own discretion on any legal grounds provided for by the legislation of Ukraine.

7.9. In case of cancellation of the license for carrying out commercial activity on electricity production, this Agreement shall be terminated from the moment of cancellation of such license.

8. Legal Addresses and Details of the Parties

Guaranteed buyer [•]

Address: [•]

Settlement account No. [•] at [•]

MFO (sort code): [•]

EDPNOU: [•]

Telephone: [•]

Fax: [•]

[position]/[name]

[•]

Address: [•]

Settlement account No. [•] at [•]

MFO (sort code): [•]

EDPNOU: [•]

Telephone: [•]

Fax: [•]

[position]/[name]



THE UKRAINIAN WIND ENERGY ASSOCIATION (UWEA) is an All-Ukrainian non-profit, public organisation aimed at promoting wind energy technologies and protect the wind energy industry's interests at the national and international levels.

The UWEA links 100% of wind power producers and project developers, wind power equipment manufacturers and suppliers, utilities, construction companies, scientists and researches, lawyers, NGOs, consumers and others involved in the wind industry – one of the world's fastest-growing energy industries.

The Ukrainian Wind Energy Association cooperates with various national, regional and local authorities. The UWEA contributes greatly to information and experience exchange with all stakeholders.

The UWEA is a proven, effective advocate for Ukrainian wind industry and it continues to mature along with the industry.

The Ukrainian Wind Energy Association is a member of the World Wind Energy Association (WWEA) and WindEurope. UWEA is governed by a Board, which is currently headed by Andriy Konechenkov.

Official website of the Ukrainian Wind Energy Association: www.uwea.com.ua



Sayenko Kharenko enjoys global reputation as a leading Ukrainian law firm with an internationally oriented full-service practice. Currently, we are the second largest law firm in Kyiv. We specialise in complex cross-border and local matters and regularly handle the largest and most challenging transactions involving Ukraine.

We regularly advise the world's leading multinational corporations, including Fortune 500 companies, industrial groups, financial institutions, as well as individual business owners.

Sayenko Kharenko has an established energy practice. The capacities of our energy team are ranked by all major legal directories, which cover this area for Ukraine (Chambers Europe 2019; The Legal 500, 2019; IFLR1000, 2019; Ukrainian Law Firms 2018; Best Lawyers International 2020). Sayenko Kharenko is the winner of WindEurope Exhibition 2019 and member of the Ukrainian Wind Energy Association and the Bioenergy Association of Ukraine.

Now Sayenko Kharenko is included into the Roster of preferred experts in Ukraine of the Energy Community Secretariat.



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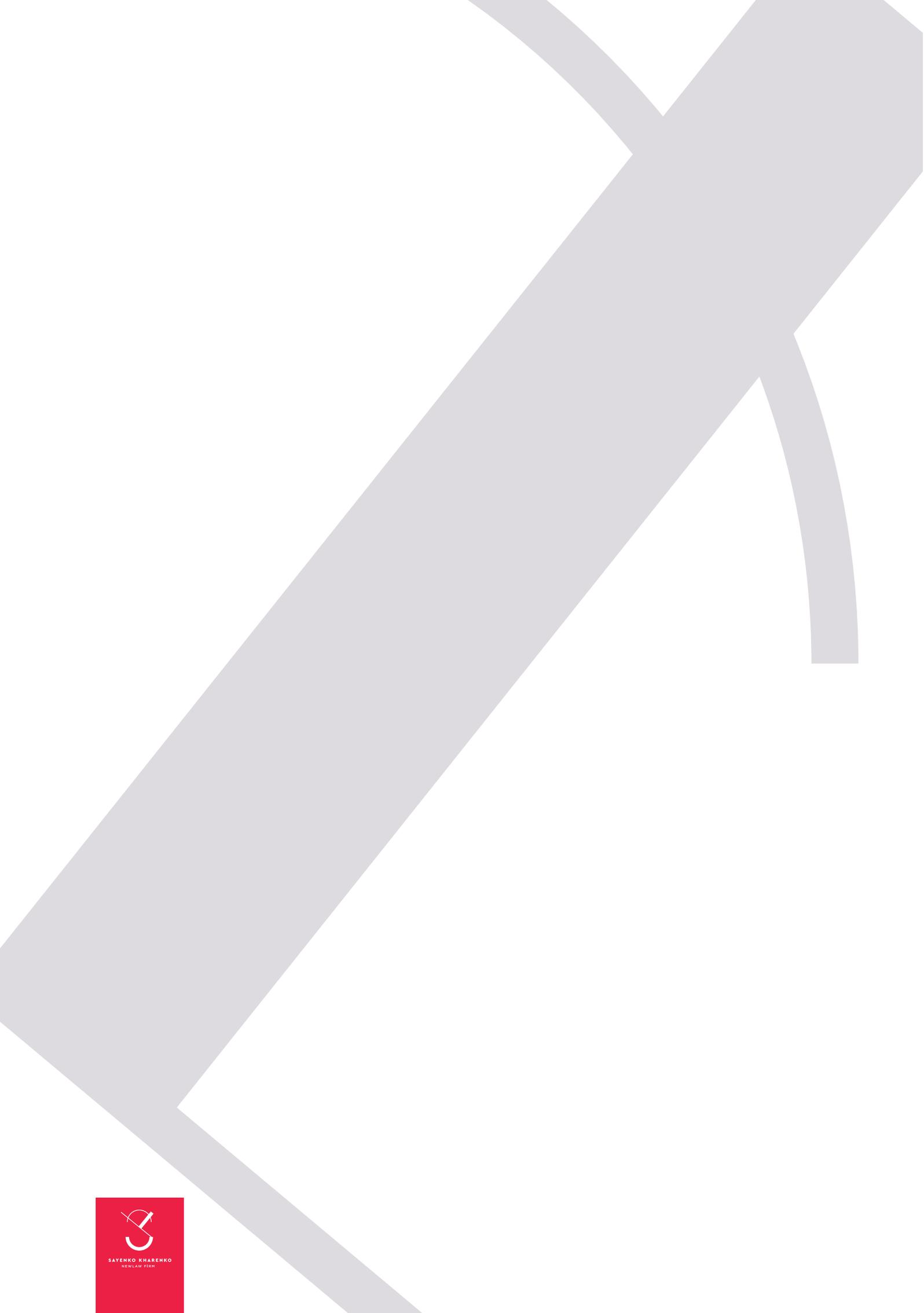


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