

Georgian Government Decree

#107

April 18, 2008

Tbilisi

**State Program “Renewable Energy 2008” about
Approval of the Rule to Enable the Construction of
Renewable Energy Sources in Georgia**

1. State Program “Renewable Energy 2008” - about approval of the rule to enable the construction of renewable energy sources in Georgia (Annex 1) shall be approved based on the Sub-paragraphs “e”, “h” and “l” of Article 5 of the Law of Georgia on “The Rule of Structure, Competence and Activities of Georgian Government”.
2. Standard application form (Annex #2), to be submitted to the Ministry of Energy by the interested individual, shall be approved, as a result of expressing the interest in building, operating and owning the power plants included in the list of potential sources of energy.
3. The Decree shall become effective as soon as published.

Prime-minister

Vladimir Gurgенidze

Approved by Georgian Government
Decree #107 of April 18, 2008
(Annex #1)

**State Program “Renewable Energy 2008” about Approval of the Rule to
Enable the Construction of Renewable Energy Sources in Georgia**

1. *(removed 21.08.2013, #212)*
2. *(removed 21.08.2013, #212)*
3. *(removed 21.08.2013, #212)*
4. *(removed 21.08.2013, #212)*
5. *(removed 21.08.2013, #212)*
6. *(removed 21.08.2013, #212)*

7. The conditions for building, operating and owning the Power Plants are:
 - a) Within ten days from putting the power plants into operation, every year, during the three month of winter period, agreed by the memorandum, full sale (according to the electricity balance) of the electricity generated by each power plant shall be carried out to provide for Georgia's internal consumption;
 - b) Within ten days from putting the power plants into operation, every year, during three month of winter period, agreed by the memorandum, the electricity shall be sold (by appropriated person's choice) with free (deregulated) tariff and/or guaranteed purchase contract (standard form, which may be attached to the memorandum mentioned in the Second Paragraph of the Rule herein). This contract shall be signed in advance with the Ltd "Electricity System CommercialOperator" (ESCO). The tariff in this contract shall be determined in compliance with the active legislation.
 - c) For the purpose of providing for the beginning of construction and startup of the power plant on time, based on the construction permit, respective person shall present the bank guarantee on equivalent of 100 000 (one hundred thousand) USD in Euros (in compliance with the rate established by National Bank of Georgia for that period) per each Megawatt, according to the total installed capacity of this power plant. In addition, this bank guarantee shall be issued by the bank, licensed in any country, which is the member of OECD (Organization of Economic Cooperation and Development) and/or Georgia. The amount of bank guarantee shall not exceed 15% of share capital of the issuer bank, which has issued the guarantee.
- 7¹. In the event that the person starts building the power plant(s) and construction works are ongoing, reduction of presented bank guarantee is possible (subject to the government approval) in proportion to the investment (determined by respective audit conclusion) made by the person.
- 7². Violation of the starting date on the construction permit based construction of the power plant's, determined by the Memorandum, will hold the violator person responsible for paying the penalty, which will be amounted to the 0,5% of total guarantee amount per each overdue day. Besides, the person shall pay the undertaken penalty within the period of 15 calendar days from the date of receiving the request from the Ministry of Energy. In the event of non-payment within the period mentioned above, payment shall be made by the request of the government of the non-paid amount of penalty from the bank guarantee. In addition, in case of payment of the penalty by the person, the bank guarantee shall be reduced by the amount of paid penalty.
- 7³ If total penalties imposed to the person based on the Paragraph 7² make 50% of entire guaranteed amount, the government is authorized to unilaterally terminate the validity of the Memorandum. Under such circumstances, the government will claim entire guaranteed amount.
- 7⁴ Violation of the date to start the operation of the power plant, determined by the memorandum will hold the violator person liable for paying the penalty, which will be amounted to the 0,5% of total guarantee amount per each overdue day. In addition, the person shall pay the undertaken penalty within the period of 15 calendar days from the date of receiving the request from the Ministry of Energy. In the event of non-payment within the period mentioned

above, the payment shall be made through the government claiming the non-paid amount of the penalty from the bank guarantee. If the person pays the penalty, the amount of paid penalty shall be deducted from the bank guarantee.

7⁵ If total penalties imposed to the person based on the Paragraph 7⁴ make 50% of entire guaranteed amount, the government is authorized to unilaterally terminate the validity of the memorandum. Under such circumstances, the government shall claim the entire guaranteed amount.

8. *(removed 21.08.2013, #212)*

8¹. *(removed 21.08.2013, #212)*

9. *(removed 21.08.2013, #212)*

10. *(removed 21.08.2013, #212)*

10¹. *(removed 21.08.2013, #212)*

11. *(removed 21.08.2013, #212)*

12. *(removed 21.08.2013, #212)*

13. *(removed 21.08.2013, #212)*

14. *(removed 21.08.2013, #212)*

15. *(removed 21.08.2013, #212)*

16. *(removed 21.08.2013, #212)*

¹
16 . *(removed 21.08.2013, #212)*

17. *(removed 21.08.2013, #212)*

18. *(removed 21.08.2013, #212)*

19. Georgian Government reviews the issue of transfer of the land, required for building the Power Plant(s) by its (their) own initiative or the interest of person, chosen during the expression of interest.

20. *(removed 21.08.2013, #212)*

21. The Ministry of Energy monitors fulfillment of the memorandum.

22. Aimed at assisting the construction of power plant(s), the Ministry of Energy coordinates the memorandum with respective entities, in accordance with the competence of Georgian Government.

23. *(removed 21.08.2013, #212)*

23¹. (removed 21.08.2013, #212)

23². (removed 21.08.2013, #212)

24. (removed 21.08.2013, #212)

25. (removed 21.08.2013, #212)