

Power Purchase Agreement

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Quantum Leap in Wind

Technical Assistance Program

Energy Regulatory Commission of Mongolia

October 1 – 5, 2012

Agenda

- What are the current PPA issues?
 - Conditions Precedent
 - Milestones and Schedules



Specific PPA Issues

- Conditions precedent
 - Permits/ PUC approval
 - Financial closing
 - Government support letter
- Deadline of 5 years is too long
 - PPA should be issued only after feasibility has been established
- No milestones or deadlines for major activities leading up to Commercial Operation Date
 - As industry matures, milestones will become important



Milestones/Schedule

<i>Date</i>	<i>Milestones</i>
	Submits interconnection application.
	Files any land applications.
	Files a CEC Certification and Verification application.
	Files Governmental Approval application(s) <i>[add details]</i> .
	Receives a completed interconnection feasibility study.
	Receives CEC Certification and Verification.
	Receives a completed interconnection system impact study.
	Obtains control of all lands and rights-of-way comprising the Site.
	Receives a completed interconnection facility study.
	Executes interconnection agreement and/or transmission agreement.
	Receives FERC acceptance of interconnection agreement and transmission agreement(s). [Executes long term fuel contract.] [Completes a comprehensive resource assessment.]
	Executes a turbine supply contract.
	Executes an Engineering, Procurement and Construction (“EPC”) contract.
	Receives all Governmental Approvals <i>[add details]</i> .
	Completes financing.
	Delivers full NTP under EPC contract and begins construction of the Project.
	Begins startup activities.
	Executes Meter Service Agreement and Participating Generator Agreement.
	Achieves initial operation.
	Demonstrates the Contract Capacity.
GCOD	Commercial Operation Date.



Seller's Obligations

- Upon an Event of Default of Seller prior to the CP Satisfaction Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the Development Period Security
- Buyer may retain such Performance Assurances to pay such liquidated damages
- Quarterly report of progress, prior to CP and post CP

Post CP (Conditions Precedent)

Construction Milestones.

- If Seller misses the deadline date for 3 or more Milestones or misses the deadline date for any one Milestone by more than 90 days. Seller shall submit to Buyer, within 10 Business Days of such missed Milestone completion date, a remedial action plan. Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent Milestones and the Guaranteed Commercial Operation Date.

Daily Delay Damages.

- Seller shall cause the Project to achieve the Commercial Operation Date by the Guaranteed COD; provided, however, that the COD shall not occur more than 180 days prior to the Guaranteed COD. If the COD occurs after the Guaranteed COD, Seller shall pay to Buyer liquidated damages equal to Daily Delay Damages for each day or portion of a day that the COD occurs after the Guaranteed COD for up to a total of [_____] days (“Project Cure Period”).