



Armenia Masrik-1 Solar Power Project

ESMAP Solar Learning Event
Ouarzazate, Morocco, February 3-5, 2019

MAIN PROJECT FEATURES

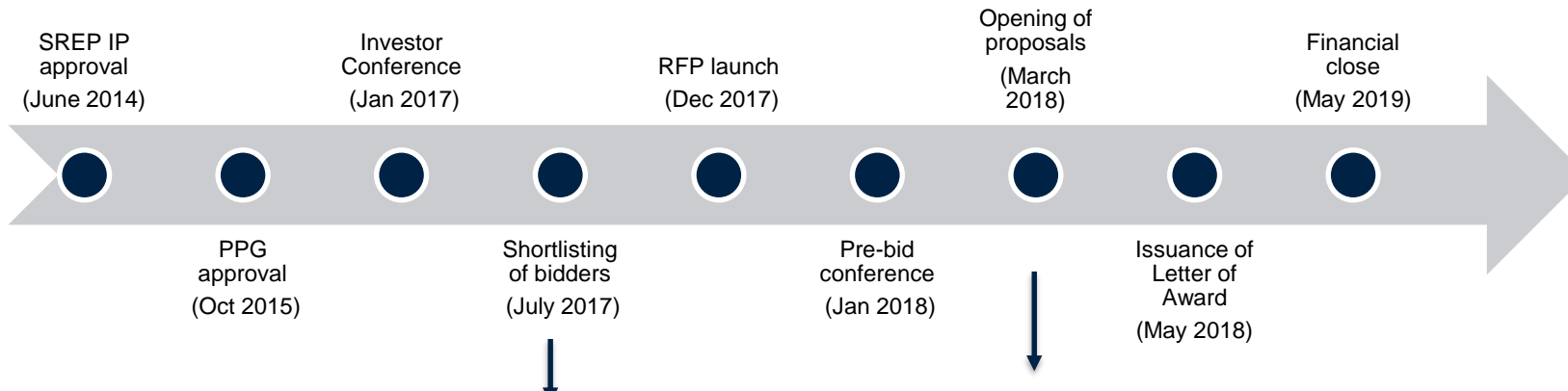
- 55 MW PV plant
- First utility-scale solar project
- First competitively-tendered IPP
- Bi-facial technology
- Developer to design, build, finance and operate 10 km 110 kV OTL
- Community-owned land
- WB offered loan guarantee to cover commercial debt

Project preparation activities

- Identification of 5 project sites
- Ground solar resource measurement campaign (1 year+, 4 locations)
- Feasibility studies, including environmental and social aspects
- Transaction advisory (legal DD, financial model, draft project agreements, package, tendering, negotiations and financial close)



TIMELINE



10 pre-qualified bidders

	Bid Tariff (USD/kWh)
1	0.0419
2	0.0503
3	0.0663
4	0.0698
5	0.0738

The lowest bidder is a consortium of Fotowatio Renewable Ventures B.V, Netherlands (Lead Sponsor) – FSL Solar S.L., Spain (Anchor Sponsor). The bid tariff is exclusive of VAT. Tariff is denominated in USD but paid in AMD, and will be adjusted annually based on the USD/AMD exchange rate and Armenian inflation. 90% of the tariff is subject to the FX movement and 10% of the tariff is subject to inflation.



KEY FACTORS FOR A SUCCESSFUL COMPETITIVE TENDER

- Availability of project information (feasibility study, solar resource data, environmental & social assessment)
- Quality of the transaction advisor - international and local legal expertise required
- Including draft contract package in the RFP
- Addressing land-related issues prior to tendering
- Not prescribing a specific technical solution
- Engaging developers from EOI stage
- Maintaining transparency throughout bidding process

KEY FEATURES OF ARMENIA SOLAR PPA

- A suite of transaction documents within the framework of existing standard PPA and sufficiently in line with international practice
- Clear rights and responsibilities between IPP and transmission/distribution company (private)
- Established tariff formula at the PPA signing vs. post-construction; FX risk mitigated through tariff indexation
- Selective additional sovereign support through GSA provisions
- Establishment and refinement of Early Termination Compensation Payment
- Included international arbitration as part of the dispute resolution mechanism

Thank you

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