

**MODEL OF A POWER PURCHASE AGREEMENT ON TOTAL AMOUNT OF
POWER GENERATED IN POWER PLANTS UP TO 5 MW AND OVER 5 MW
INSTALLED CAPACITY**

Belgrade, July 2013

[Name, address, registration number, tax ID number and the category of the privileged power producer], (hereinafter referred to as the “**Investor**”) represented by [name, surname and position], on the one hand and

[Name, address, registration number and tax ID number of the Public Supplier], (hereinafter referred to as the “**Purchaser**”), represented by general manager [name and surname], on the other hand

Conclude a

PRELIMINARY POWER PURCHASE AGREEMENT ON TOTAL AMOUNT OF POWER GENERATED IN POWER PLANTS UP TO 5 MW AND OVER 5 MW INSTALLED CAPACITY

In Belgrade, on [date].

The Parties agree as follows:

- (A) The Purchaser is authorized and obliged to purchase total amount of generated power from a privileged producer;
- (B) The Investor has achieved status of privileged power producer for power generation in the following energy entity: [type, name, installed power and location of the power plant], (hereinafter referred to as the “**Power Plant**”);
- (B) The Seller has submitted the Request for concluding the Preliminary Power Purchase Agreement on total amount of electricity generated in the Power Plant to the Purchaser on [date].

DEFINITIONS

Article 1

The terms and phrases used herein shall have following meanings:

- (1) “**Competent authority**” is defined as local or state authority, agency or other regulatory body;
- (2) “**Commissioning date**” is defined as the day when all the conditions for Power Plant commissioning are fulfilled, when technical inspection has been conducted, Usage Permit and Energy Licence obtained [fill in the licence if it is required for the Power Plant operation by the regulations] and the Power Plant connected to the Transmission or Distribution Network by the authorized System Operator, of which the Seller has submitted written evidence to the Purchaser;
- (3) “**Power Plant**” is an energy entity composed of one or more aggregators with one metering point;
- (4) “**Group of aggregators**” is a part of the Power Plant with one or more aggregators for which a construction permit has been obtained and is being constructed,

according to the construction permit as a phase of the construction of the Power Plant;

- (5) “**Construction Permit**” is defined as a document that permits constructing of the Power Plant or a Group of independent aggregators which has been envisaged in regulations of the Republic of Serbia and issued by a Competent Authority;
- (6) “**Business day**” is defined as each day from Monday to Friday except the national holidays in the republic of Serbia,;
- (7) “**Set of incentive measures**” is defined as all incentive measures prescribed by the Decree on incentive measures for privileged power producers which had been in force when the Investor obtained privileged power producer status.

The terms and phrases used in this Preliminary PPA, which have not been listed in Paragraph 1 of this Article, shall have the meanings as defined in the Law on Energy and regulations passed based on it.

SUBJECT MATTER OF THE PRELIMINARY PPA

Article 2

This Preliminary PPA shall define rights, obligations and responsibilities of Parties in terms of time scope for Power Plant construction and acquiring status of privileged power producer and in terms of concluding a Power Purchase Agreement on total amount of power generated in the Power Plant and using the incentive measures for privileged power producers.

This Preliminary PPA is also related to the Group of aggregators in the Power Plant for which the Construction Permit and the Decision on acquiring status of privileged power producer have been obtained.

In case that after the conclusion of this Preliminary PPA the Investor obtains the Construction Permit for a new Group of independent aggregators as well, the Parties shall conclude an Annex to this Preliminary PPA to acknowledge that.

TERM OF THE PRELIMINARY PPA

Article 3

This Preliminary PPA shall become effective upon the date of signing by both Parties and shall be in force until the expiring of the Investor’s temporary status of privileged power producer i.e. up to [the exact date of expiring of the temporary status], unless it is terminated earlier according to provisions of this Preliminary PPA.

In case that the Investor obtains a Decision on extension of term of the temporary status of privileged power producer from the Competent authority, Parties shall conclude an Annex of the Preliminary PPA which shall coordinate its term with the term of temporary status of privileged power producer defined in the new Decision.

OBLIGATIONS AND RIGHTS OF THE PUBLIC SUPPLIER

Article 4

The Investor is obliged to obtain a Decision on acquiring temporary status of privileged power producer during the term of this Preliminary PPA i.e. during the term of temporary privileged power producer status.

Article 5

The Investor which had fulfilled the obligations under the Article 4 of this Preliminary PPA within the prescribed period of time and submitted a request for concluding the Power Purchase Agreement on total amount of electricity generated in the Power Plant to the Public Supplier after termination of this Preliminary PPA is entitled to choose between the set of incentive measures and a model of PPA on total amount of power generated in the Power Plant which had been valid on date of passing the Decision on acquiring temporary status of privileged power producer and the set of incentive measures and a model of PPA on total amount of power generated in the Power Plant that are valid on date of submitting the request for concluding the PPA.

The Investor is not entitled to choose between individual incentive measures and different sets of incentive measures.

Article 6

Should the Investor fail to fulfil the obligations under Article 4 of this Preliminary PPA within the prescribed period, he will lose the rights defined under this Preliminary PPA.

OBLIGATIONS AND RIGHTS OF THE PUBLIC SUPPLIER

Article 7

In case described under Article 5 of this Preliminary PPA, the Public Supplier is obliged to conclude the Power Purchase Agreement on total amount of power generated in the Power Plant with the Investor and to accept balancing responsibility and balancing costs of the Investor during the incentive period.

Article 8

In case that the Investor fails to fulfil the obligations under Article 4 of this Preliminary PPA within the prescribed period of time, the Public Supplier shall not have any obligations towards the Investor according to this Preliminary PPA.

APPENDICES

Article 9

Appendices to this Preliminary PPA which are its integral part are:

- (1) Decision on acquiring a temporary status of privileged producer of power in the Power Plant;
- (2) Construction Permit for construction of the Power Plant or a Construction Permit for the first phase of construction.

Parties agree that the Investor had obtained all the documents listed in Paragraph 1 of this Article and delivered them to the Public Supplier along with a request for conclusion of this Preliminary PPA.

GUARANTEED FEED-IN TARIFF

Article 10

Guaranteed feed-in tariff for the power generated in the Power Plant and the method of correction of that feed-in tariff have been defined in accordance with Decree on incentive measures for privileged power producers on the day [date of obtaining a temporary privileged power producer status].

Guaranteed feed-in tariff on the day under Paragraph 1 of this Article is equal to [applicable feed-in tariff] euro cents per kWh.

Instead of guaranteed feed-in tariff and the set of incentive measures under Paragraph 2 of this Article, the Investor may choose feed-in tariff and the set of incentive measures valid on the day of submitting the request for concluding the Power Purchase Agreement on total amount of power produced in the Power Plant.

TERMINATION OF PRELIMINARY PPA

Article 11

This Preliminary PPA may cease to be valid by termination of the Preliminary PPA by the Investor.

At any time during the term of this Preliminary PPA the Investor is entitled to unilaterally terminate the Preliminary PP upon a 30-day written notice delivered to the Public Supplier.

In case of termination of this Preliminary PPA in a way described under Paragraph 2 of this Article, the Parties are not obliged to remunerate to each other any possible losses emerged as a consequence of the Preliminary PPA termination.

Article 12

In case of termination of this Preliminary PPA, the Investor has no right to conclude this Agreement again with the Public Supplier for the same Power Plant.

NOTICES

Article 13

Each Party shall designate a person responsible for mutual notification and communication related to implementation of this Agreement and deliver the information on that person to the other Party including first name, last name, address and office number, telephone number, fax number and e-mail address within 10 days of entering of this Agreement into force.

The Parties may change the person responsible for mutual notification and communication related to implementation of this Agreement during the effect of the Agreement, of which

they must notify the other Party by delivering the relevant information defined under Paragraph 1 of this Article.

Article 14

All official notifications, requests and other communications between the Parties shall be performed in writing between the persons designated for notification by the Parties.

All notices and documentation sent by one Party to another may be delivered personally, by fax, by courier, via registered mail or e-mail, whereby the postage is paid by the sender.

REASSIGNMENT OF THE PRELIMINARY PPA AND CHANGE OF LEGAL STATUS

Article 15

Reassignment of the Preliminary PPA or temporary status is not allowed.

FINAL PROVISIONS

Article 16

Each Party shall bear their own costs related to conclusion of this Agreement.

Article 17

This Agreement has been made in 6 (six) identical copies, three for each Party.

INVESTOR

PUBLIC SUPPLIER