

CONTRACT

On POWER PURCHASE BETWEEN KESH sh.a AND SMALL ELECTRICITY GENERATORS

Is entered into this ____/ day of ____/20____/, in Tirana, by and between;

Company _____, Albanian juridical person, registered in _____ by decision no. _____, and NIPT no. _____ with a principal place of business at _____, hereinafter called "**the Seller**", represented by Mr./Mrs./Ms. _____;

And

Albanian Power Corporation (Kesh sh.a.) (Wholesale Public Supplier), Albanian juridical person, registered at the Court of Tirana District by Decision No. 12728, dated 6/11/1995, with a principal place of business at Blloku "Vasil Shanto", Tirana, hereinafter called "**Buyer**", represented by Mr./Mrs./Ms. _____;

Being that:

- The Company _____, has received the concession for/privatized _____ HPP, in accordance with concession agreement/purchase contract _____;
- **The Parties** are responsible for the fulfillment of the obligations of this contract;
- ERE by its Decision no. _____, dated _____, has licensed the Company _____ to generate electricity;
- KESH sh.a. shall enter into a Power Purchase Agreement between the small Electricity generators in accordance with the Concessionaire Agreement _____/, Law no.9470, dated 02.02.2006, „On an addendum in Law no. 8527, dated 23/09/1999, „On privatization of local hydropower plants“;
- ERE has the authority to set the electricity selling price for Small Electricity Generators.

The Parties agree to the following:

Article 1

Definitions

In this contract the terms listed here shall be defined as provided here under:

Price - means the electricity selling-purchasing price, set by Energy Regulatory Entity in accordance with the legislation in force;

Day - means a 24 hours period of time which starts at **00:00 up to 24.00**.

Electricity (Power) or Energy - means active electricity and reactive electricity transmitted and distributed by the power system

Active Electricity: - is the active power which is generated or which flows through an electric circuit during a time interval and is calculated by the certain integral of active power within time interval. The measuring unit of Active Electricity is Wat-hour or its multiples.

Reactive Electricity – is the integral defined with time interval of Reactive electricity measured in reactive Volt-Ampere unit or its multiples.

ERE - Energy Regulatory Entity;

Frequency - number of alternative cycles of the current in a second, in which the power system operates;

“Force Majeure” - is a natural or social event or phenomenon that happens in a place, such as earthquake, cyclone, lightning, floods, volcano eruption, fire, war, gun conflicts, insurgency (revolutions), terrorist acts, which prevent the contracting Party/Parties to fulfill the respective obligations in accordance with this Contract, also, other acts or events, which are outside possible control of the Party/Parties and he/she/they can not be blamed for their happening and the Party/Parties is/are not capable to avoid them, even though he/she/they

has/have properly applied their/his/her efforts and care.

Faults in the machineries or the materials or delays in repairing them, conflicts at work, strikes or financial problems shall not be considered by the Parties as Force Majeure, except the case when they are caused by circumstances related to Force Majeure.

Public Wholesale Supplier or FPSH – is the authorized to purchase the Electricity from the public generator, from Small Plants for the sale of Public Retail Supplier.

Contract - this contract on electricity (Power) purchase, made and entered by and between Small Electricity Generators ESG (Seller) and KESH (Public Wholesale Supplier) PWS (Purchaser) and every addendum or amendment that can be done to it in the future;

Law - Law no. 9072 dated 22/05/2003 "On Electricity Sector" amended.

Metering device - i.e. a device to measure and record the measured values (figures) of electricity.

Market Agreement - an agreement, which includes market rules and the responsibilities of the Parties in the agreement in accordance with the legislation in force.

Month - means the time interval which starts at 00:00 a.m. of the first calendar day of the month and ends at 24:00 of the last calendar day of the same month;

Distribution System Operator – is a licensed juridical person, responsible for the operation, maintenance and development of the power distribution system,

Party - **seller** and **Purchaser** in this contract;

Generation Point - In this contract, the generation point will be at the Medium Voltage outlet bus bar at the transformation point, or at the substation of the generating plant;

Metering Point

- is the Delivery Point in which the Metering System fulfills all the technical and accuracy conditions in accordance with Electricity Metering Code and other sub-legal acts approved by ERE for this purpose;

Small Generators of Electricity/PVE – means a juridical person licensed to generate Electricity connected to the Distribution System in accordance with the provision of the legislation in force;

Electricity Metering System or Metering System – is the total number of metering equipments: meter, circuit breaker, current transformers, meter protection and isolators, circuits and data recording devices, transmission and data display equipments and the necessary cable connection, which are part of the active and reactive electricity metering devices in this object;

Year

- means time period which starts at 00:00 of the first day of the calendar day and ends at 24:00 of the last day of the same calendar year.

Article 2**Purpose of the Contract**

- 2.1 This Contract defines/specifies the terms and conditions according to which the Buyer shall be obliged to buy, and the Seller shall be obliged to sell all the amount of electricity generated by the Seller as a Small Electricity Generator, in accordance with the legal and sub-legal acts in force/power for this purpose.

Article 3**Delivery, Acceptance and Right Transfer**

- 3.1 The Seller, in accordance with this contract shall schedule (arrange/dispatch) to generate and to sell and the Buyer shall schedule (arrange/dispatch) to accept and to buy all the electricity generated at the Delivery Point.
- 3.2 The Seller is obliged to take the necessary measures to connect the power plant with the Delivery Point specified according to the specifications and rules provided in Distribution Code, Metering Code and other acts.
- 3.3 Electricity shall be transmitted from the Seller to the Buyer at the Delivery

Point, where even the ownership of the electricity shall be transfer from the Seller to the Buyer.

- 3.4 The Buyer shall pay the Seller the received amount of electricity with the price provided in the contract and according to the rules determined in Article 8 (Billing and Payment).
- 3.5 The Buyer agrees to accept the additional amount of Electricity from the Seller, in case the Seller generates a bigger amount of Electricity. In this case the Seller shall make the respective announcement in order to give to the Buyer the possibility to receive the Energy and to schedule his programs.

Article 4

Preliminary Documents, Voltage, Frequency

- 4.1 The Seller shall provide to the Buyer all the documents and the data related to the tests and Energy transmission, technical specifications of all installed electricity equipments including even the specification certificates, details of the metering devices and safety devices, 30 days before the generation plant shall start operation and shall fully generate/deliver Electricity.
- 4.2 The Electricity shall be delivered in the voltage and frequency in accordance with the legal and sub-legal acts in power.

Article 5

Delivery Programs

- 5.1 Generation Plant with installed capacity over 5 MW shall schedule and introduce to the Buyer the delivery programs in accordance with the Rules of Electricity Market.
- 5.2 Generation Plant with installed capacity less than 5 MW shall introduce the monthly/annual schedule according to the amount of Electricity expected to be generated.
- 5.3 Deviation from the introduced programs shall be considered in accordance with the Rules of Electricity Market or any other act approved by ERE for this case.

Article 6

Metering of the Delivered Amount of Electricity

- 6.1 Parties in this Contract shall assure each other that the delivery and acceptance of Electricity will be metered or checked with Metering Systems in accordance with the procedures and standards provided in the Distribution Code and Electricity Metering Code
- 6.2 The Electricity delivered by the Seller to the Buyer shall be metered at the

- Metering/Delivery Point, which shall be owned by the Seller, in accordance with the rules specified in the Electricity Metering Code. Regarding the installation, maintenance, control, test and seal of the Electricity Metering System, the Parties shall refer to the Electricity Metering Code.
- 6.3 The metering device is checked, commissioned and sealed in the presence of the authorized persons of the Seller, Buyer and Distribution System Operator. Commissioning is done in places authorized and certified according to the Electricity Metering Code.
- 6.4 At the date set by the Parties in this Contract (or in the last day of the Respective Month), authorized representatives of the Seller and Buyer shall meet to read the Electricity metering device, which gives the Monthly amount of Electricity delivered from the Seller to the Buyer every month. The figures displayed in the metering device shall be read and recorded every Month in order to carry out the Electricity Balance. In case the Metering System is not functioning due to any breakdown, the delivered and the received electricity shall be provided with an agreement between Parties referring to meter – reading records.
- 6.5 Regarding the measurement reading according to point 6.3 of this article, shall be kept minutes (recommendation act) of the reading of the metering device, which shall be signed by the authorized representatives of the Parties who read it, which shall have the following content:
- (a) Date of Metering System (metering device and metering transformers);
 - (b) Identity of the persons reading the device;
 - (c) Signature of the persons;
 - (d) Previous month reading of the device;
 - (e) Current reading of the device.
- 6.6 In cases when the representatives of the Buyer does not turn up in the determined date, the Seller shall prepare the bill in accordance the rules in force and shall send the bill to the Buyer. The Buyer is obliged to pay the bill. Any remark regarding the accuracy of the bill from the Buyer side shall be subject to re-check and correction in the following Month.
- 6.7 The Buyer shall have into the respective plants of electricity generation. Metering Reading Records (manual), which shall be provided for testing/inspection to the representatives authorized by the Buyer and other participants of the market that have legal access to them.
- 6.8 In any case the authorized representatives of the Public Wholesale Supplier, in accordance with the Metering Code and as the Buyer of the Electricity can carry inspections and tests in the Metering System and in their recording systems. The employer of the respective plant shall provide to the representative of the Public Wholesale Supplier the reading records of the

- Electricity Metering Device and he shall provide the necessary access to check the Metering System.
- 6.9 After the installation of the Metering System and the online registration of the data, the Seller is obliged to transmit these data according to this system, except the cases of technical incapacity of online installation of metering system.

Article 7

Documents of Delivery/Acceptance and Metering Processes

- 7.1 According to a reasonable request, Parties:
- (a) shall provide to each-other the documents they have, which includes the amount, delivery and acceptance of the Electricity in order to determine the amount and the cause for any deviation from the programs.
 - (b) shall ask from the Distribution System Operator and shall share between them any additional documents necessary to verify the discrepancies between the programmed flows and real flows of Electricity.
- 7.2 If one Party, on request of the other Party or to solve a dispute raised by the other Party, does considerable outside expenses, to verify if the other Party has failed to properly fulfill its obligation in accordance with the term of this Contract these expenses shall be reimbursed by the Party which has not fulfilled the obligations, if this is required.

Article 8

Billing and Payment

- 8.1 Bill; the Seller shall submit to the Buyer for the delivery of the Electricity a bill according to the format and standards that provides the legislation in force, which represents the total amount of Electricity sold by him in the previous calendar Month. This bill shall be submitted within the 10 (tenth) day of the following Month (or when there is an official holiday, the following working day). In addition to the bill, the Seller shall deliver to the Buyer the respective agreement report drafted together with the representatives of the Distribution System Operator.
- 8.2 Payment; The Buyer shall pay to the Seller the amount of the Monthly bill. The payment shall be done within 30 days starting from the day when the bill was accepted by the Buyer. The day of payment shall be considered the date when from the Buyer's account the monetary funds are received.
- 8.3 Delayed payment; If the Buyer fails to pay the bill within the determined period in this Contract, the reimbursement for the damages caused as a result of the delay, consist in the payment of the delay penalties equal to the interest rate of the treasury bound with one year maturity + 0.5 % per Year for each day of delay starting from the date when the payment was supposed to be carried out. Seller is not obliged to prove any damage for the payment. In

the calculation of the delay penalties it is not included the date when the payment is done.

- 8.4 Variable (discussable) sums; For any claim related to the accuracy of the bill shall be given a written explanation by the Seller or the Buyer and the editing in the bill shall be done only within month of the Bill, otherwise sum of the bill will be paid not later than the date of the payment deadline and the difference (the supplement or reduction) of the editing shall be included in the following month.

Article 9

Taxes and Tariffs Obligations

- 9.1 The Parties are responsible to fulfill the obligations related to all tariffs, taxes, income taxes (concessionaire fees) in accordance with the legislation in force.
- 9.2 The Seller shall pay all the obligations related to taxes, income taxes (concessionaire fees) or any other obligation in accordance with the legislation in power at or/and before the Delivery point and the Buyer shall pay all his obligations related to taxes, income taxes (fees) or any other obligation in accordance with the legislation in power after the Delivery point.

Article 10

Risk and Loss

- 10.1 The Parties at the beginning of every Year shall draft (prepare) and shall coordinate the maintenance programs planned and even the maintenance work for the plant and the power connection lines and devices of the Distribution System.
- 10.2 The Seller shall cover all the accompanying (related) risks and shall be responsible for any cost or forced payment which is related to the scheduling, transmission and delivery of the amount of Electricity contracted up to the Delivery Point, in accordance with the Rules of Electricity Market and other articles in power, except the case when the delivery of the Electricity is impossible due to circumstances which do not depend on the Seller or in case when the not-delivery is caused by the annual repayment and maintenance in accordance with paragraph 1 of this article.
- 10.3 The Buyer shall cover all the accompanying (related) risks and shall be responsible for any cost or forced payment which is related to the acceptance and transmission of the contracted amount after the Delivery Point, except the case when the delivery of the Electricity is impossible due to circumstances which do not depend on the Buyer or in cases when the not-delivery is caused by the fault in the power transmission lines and lines and devices of the Distribution System Operator (caused by the Force Majeure).

Article 11

Price

- 11.1 The Buyer shall pay the Seller the amount of Electricity that he buys in the price approved by ERE.
- 11.2 The applicable price at the moment of entrance in this Contract is the price in power approved by ERE.
- 11.3 If ERE approves a different price from the one applied according to paragraph 11.2 the Parties shall make the necessary compensation (correction in the following months) for the amounts of the bills in accordance with the respective decision of ERE.

Article 12

Force Majeure

- 12.1 If each Party faces Force Majeure, he/she shall inform the other Party, without delay, through a written announcement confirmed as received from the other Party, by informing the other Party on type, possible duration of the event and expected results.
- 12.2 None of the Parties shall be considered responsible of not fulfilling the Contractual obligations if they have encountered problems caused by the Force Majeure.
- 12.3 The Parties shall take the necessary measures to reduce as much as possible the damages of the force majeure.

Article 13

Compensation for Not Accepting the Electricity

- 13.1 When the Buyer does not fulfill the obligations related to the acceptance of the Electricity from the Seller in accordance with this Contract and when these not-fulfillment are not explained by an event of Force Majeure, then the Buyer shall compensate the Seller for the financial damaged that was caused, equal to the amount of Electricity which was not accepted with the price approved by ERE, which is in power.
- 13.2 The sum which is not paid in accordance with this article, shall be included in the bill and shall be paid in accordance with article 9 (Bill and Payment).
- 13.3 None of the Parties shall be obliged to compensate the loss of the other Party caused by the repayment or maintenance (including here even the urgent repayments) carried out in accordance with the program agreed by Parties.

Article 14

Contract Termination

- 14.1 Parties have the right to terminate the Contract if they agree respectively on this issue. The Parties shall inform ERE within 5 days on advance for the termination of the Contract.
- 14.2 If during the effective period of the Contract each Party notices a serious breach of the Contractual obligation by the other Party, shall inform immediately the other Party in a written form about the breach.
- 14.3 The other Party within a 10-day time period starting from the receive of the notice shall adjust or compensate the pretended breach of the Contractual obligation or in case it does not agree with the claim shall state to the other Party in a written form this disagreement stating in it his/her arguments related to this issue.
- 14.4 If within a 10-day time period as mentioned above the Contractual breach is not adjust or compensated or the Party who has done this breach has not stated to the other party any written disagreement within this time limit, then the Party who claim the breach shall require the one side termination of the Contract.
- 14.5 The Parties shall have the right to ask for a side termination if they are not able to fulfill the Contractual obligations in accordance with this contract with a non-limited time period of more than 6 months as a result of Force Majeure.
- 14.6 The Parties have the right to ask the termination of the Contract when:
- a) One of the Parties goes bankrupt or is not able to pay the debts or fails, or accept in a written form his/her general disability to pay the debts in time;
 - b) In case that one of the Parties has given a fake or not-correct guarantee;
 - c) Incase of a breach by the Parties of the rules and technical requirements provided in the sub-legal acts in force.
- 14.7 Termination of the Contracts in accordance with paragraphs 14.4, 14.5, 14.6 of this article is done with the approval of ERE.
- 14.8 The Parties shall calculate within 30 working days starting from the day of the termination of the Contract, the respective financial obligations and the way they will be served.

Article 15

Contract Term

- 15.1 This Contract shall be in force for a 15 (fifteen)-year period.

Article 16
Entrance in Force

- 16.1 This Contract whose provisions are approved by ERE enters in force after it is signed by both Parties.

Article 17
Amendments

- 17.1 If one term, condition or rule of this Contract will become null, illegal or not fully or at certain extent not applicable, this term, condition or rule will bring not any value, or not being applicable of the terms, conditions and rules provided in the other parts of this Contract.

Article 18
Legislation

- 18.1 Power Purchase Agreement shall be based and interpreted in accordance with the legislation of the Republic of Albania.

Article 19
Announcements

- 19.1 Any announcement given by the one of the Parties in accordance with the Contract shall be done in a written form in the address included in this Contract.
- 19.2 The announcement shall be effective shortly after it has been delivered.

Article 20
Solution of the Disputes

- 20.1 In case of disputes, the Buyer and the Seller shall try, at first, to solve the dispute on a mutual understanding. In the Parties do not find any solution with mutual understanding, then they might ask for the intervention of ERE.
- 20.2 The Parties has the right in any case to solve the dispute (conflict) in courts or in arbitrariness according to the definitions done by the Parties themselves. The Court competent to solve the dispute between the Parties, which come from this Contract, shall be the put under the Court Region of Tirana.

Article 21

Responsible Persons (Administrators) of the Contract

- 21.1 Each of the Parties shall appoint in this Contract the person who shall be responsible, in the interest of the respective Party, to carry out the respective communication and to represent it in issues which are related to the execution of this Contract.
- 21.2 Each of the Parties shall inform immediately the other Party on any change related to the appointed responsible person. In any of the Parties does not make the necessary announcement, then the Party shall take all the responsibilities related to any possible damage which results due to the lack of necessary information.
- 21.3 Responsible Persons of the Parties in this Contract, in accordance with the first paragraph of this article, will be respectively:

For the Buyer: _____,

For the Seller: _____,

Article 22

This Contract is drafted in 4 commensurate copies, out of which 2 copies are taken by KESH sh.a. (Public Wholesale Supplier) and 2 copies are taken by the Seller

	<u>For the Seller</u>	<u>For the Buyer</u>
Legal name of the Party	_____	KESH sh.a. (FPSH) _____
Authorized Person of the Party	_____	_____
Position:	_____	_____
Signature and Seal	_____	_____