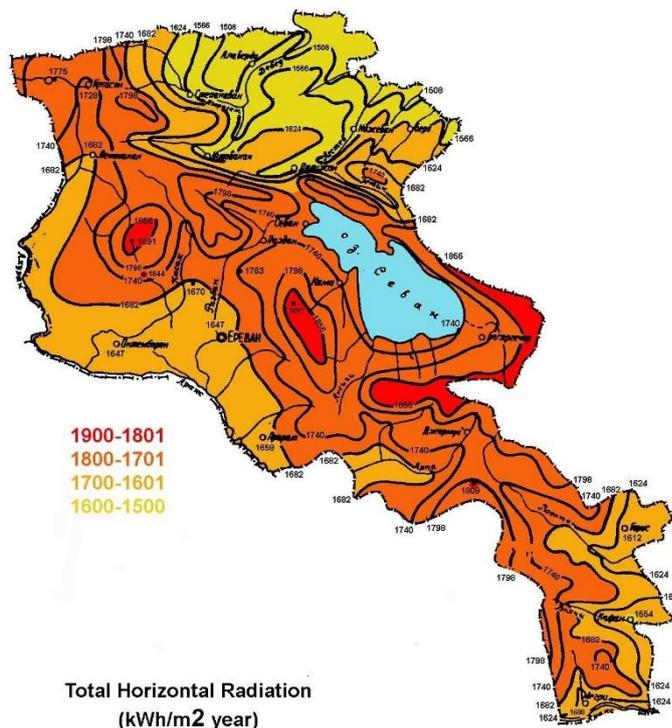


PRODUCTION OF PV MODULES AND CONSTRUCTION OF SOLAR PHOTOVOLTAIC POWER PLANT

Location: will be identified upon completion of feasibility study

Project cost: USD 250M

Project background:



Armenia has a significant advantage in terms of solar energy: the country is situated in the proximity of subtropical zone; most territory of the country have favorable climatic conditions that make wide use of solar energy possible. There are on average more than 2500 sunny hours per year and the average annual amount of solar energy flow per square meter of horizontal surface is about 1720 kWh (the average European 1000 kWh). One fourth of the country's territory is endowed with solar energy resources of 1850 kWh/m².

Additionally, wide variety of siliceous raw material from various sources and morphology is also available in the country.

Under the project Government of Armenia is planning to commission first solar photovoltaic power plant (PVPP) with the installed capacity of 100 MW. Additionally, considering the availability of raw materials, production of PV modules will be organized locally, which will decrease the overall level of investments. Particularly, the project envisaged organizing production of UMG silicon and poly-silicon, blending process, production of ingots, production of wafers and solar cells, and finally production of PV modules.

The project is structured as a PPP with substantial participation of the Government both at the preparatory and implementation stages. Particularly, within the preparatory activities, Government of Armenia with financial support from the different international financial institutions has conducted technical feasibility studies, environmental and social impact assessments and precise ground based solar irradiation measurements to identify the exact location and other aspects of

constructing solar PVPP. Currently the Government of Armenia (GoA), through its implementation agency - Renewable Resources and Energy Efficiency Fund (R2E2), intends on contracting Independent Power Producers (IPPs) for the design, finance, build and operation of photovoltaic solar plants, as well as identify the off-take tariff. An independent transaction advisor has also been selected to advise the Government during the above selection process. Additionally, the economic feasibility study for project implementation will be conducted.

During the implementation stage, the Government support will includes provision of land, support in obtaining all necessary permits, co-financing of taxes or provision of tax exempts and development of transmission lines or other infrastructure required at the site. The projects are structured with a 20 years' Power Purchase Agreement (PPA) with off-take guarantees by the state.