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F.No:

Date:

Name  
Designation  
Company  
Address  
Telephone  
Fax  
Email

Subject: LETTER OF SUPPORT FOR THE ESTABLISHMENT OF A  
BAGASSE /BIOMASS BASED POWER COGENERATION FACILITY  
HAVING INSTALLED CAPACITY OF \_\_\_\_\_ MW (GROSS)  
LOCATED AT \_\_\_\_\_ IN TH PROVINCE OF \_\_\_\_\_,  
PAKISTAN

Dear Sir,

A. REFERENCE

[•], a company incorporated under the Companies Ordinance, 1984, under certificate of incorporation no. [•] dated [•], (**the “Project Company”**):

- (i) having received the Letter of Intent dated [•] from Alternative Energy Development Board (“**AEDB**”) whereby AEDB has confirmed its interest in the Project, as defined herein and, where applicable, the successful submission of a feasibility study; and
- (ii) having received from NEPRA a Tariff Determination No. [•] dated [•] on the terms and conditions set out therein as amended from time to time (the “**Tariff Determination**” and, the tariff determined pursuant thereto, the “**Tariff**”); and
- (iii) having received from NEPRA an electricity Generation Licence No. [•] dated [•] (the “**Generation Licence**”) for the generation of electric power on the terms and conditions set out therein,

is now issued this Letter of Support (the “**LOS**”), on the terms and conditions set out herein, by AEDB for the development, design, engineering, manufacture, procurement, financing, construction, completion, testing and commissioning, insurance, ownership, operation and maintenance of an approximately [•]MW (ISO gross installed capacity) power generation facility (the “**Complex**”) to be located near [•], Province of [•]and all activities incidental thereto (the “**Project**”).

The Complex shall be a renewable electricity generation facility utilising bagasse/biomass as the renewable energy resource for generation of electricity.

The Project Company has posted in favour of AEDB an irrevocable, unconditional, on demand, without recourse bank guarantee on terms acceptable to AEDB dated [•] issued by (name of issuing bank ) (the “**Performance Guarantee**”) in the amount of US Dollars [•]. The Performance Guarantee secures the Project Company's obligations to execute the Project Agreements (reference paragraph B(1)), to achieve Financial Closing (reference paragraph B(2)), to pay the Termination Amount (reference paragraph B(6)) and to revise the Tariff (reference paragraph E) under and in accordance with the terms of this LOS. The Performance Guarantee shall remain valid and in full force till the expiry of three (3) months beyond the Required Financial Closing Date (as specified in paragraph B(2)) provided however, in the event the Financial Closing is achieved on or prior to the Required Financial Closing Date, the Performance Guarantee shall be returned to the Project Company on the date of its achievement of Financial Closing,. The Performance Guarantee shall be encashable in accordance with the terms of this LOS at any time prior to Financial Closing, on call at any time during the period of its validity by AEDB. The Project Company hereby agrees that it shall have no claim against AEDB, the Government of Pakistan (the “**GOP**”), the Government of (Province) [.] (the “**GO\_\_\_\_\_**”) or any agency or instrumentality or component thereof on any grounds whatsoever if AEDB acting in its sole discretion shall make any call upon or encash the Performance Guarantee provided that such call or encashment is made in accordance with the terms of this LOS, and the Project Company hereby waives, to the fullest extent permissible by law, any such claim. It is agreed that the amounts encashed under the Performance Guarantee in accordance with the terms of this LOS are reasonable and constitute liquidated damages to the GOP and AEDB for the Project Company’s failure to (as applicable) (a) execute the Project Agreements (reference paragraph B(1)), (b) timely achieve Financial Closing (reference paragraph B(2)) and (c) pay the Termination Amount (reference paragraph B(6)), in each case, in accordance with the terms of this LOS, and it is understood and agreed that the encashment in full of the Performance Guarantee by the AEDB is in lieu of actual damages for such occurrence and the collection of such sums pursuant to such Performance Guarantee pursuant to this LOS is the sole remedy of the GOP and AEDB for such events.

Until Financial Closing (as defined hereinafter), this LOS and the provisions of the Project Agreements (as defined hereunder) that become effective immediately upon signing of the Project Agreements shall govern the implementation of the Project and shall supersede all other documents and agreements. In the event of any conflict between this LOS and the provisions of the Project Agreements that become effective upon signing, this LOS shall govern and prevail. Effective on the date Financial Closing is achieved by the Project Company, the Project

Agreements shall supersede the LOS. AEDB shall cancel and return the Performance Guarantee to the Project Company on the date Financial Closing is achieved.

B. AUTHORIZATION

AEDB hereby conveys its permission to the Project Company to implement the Project in accordance with the terms of this LOS and, when the Project Agreements become effective, in accordance with the Project Agreements. Electricity produced by the Complex shall be sold to the \_\_\_\_\_ on behalf of ex-WAPDA distribution companies (the "**Purchaser**") in accordance with the Generation Licence, Tariff Determination and the provisions of the Energy Purchase Agreement ("**EPA**") to be entered into between the Project Company and the Purchaser. The Project Company shall be responsible for performing and causing the performance of all activities necessary and incidental to its obligations under this LOS, including the following:

1. The Project Company shall, on or prior to the Required Financial Closing Date or (if applicable in terms of this LOS) the Extended Required Financial Closing Date, negotiate and sign an Implementation Agreement ("**IA**") with the President of the Islamic Republic of Pakistan and an EPA with the Purchaser, failing which the Performance Guarantee shall be encashed for the full amount thereof by AEDB provided that if the delay is caused by the actions of the GOP, AEDB or the Purchaser, then, the Project Company shall not be penalized.

The IA and EPA are collectively referred to in this LOS as the "**Project Agreements**".

2. Unless Financial Closing is delayed or not achieved on account of any Consents (as defined in the IA) not being issued to the Project Company despite its compliance with its obligations under the IA relating thereto by the Required Financial Closing Date or the Extended Financial Closing Date, the Project Company shall achieve Financial Closing no later than [insert date] (the "**Required Financial Closing Date**"), failing which the Performance Guarantee shall be encashed in the full amount thereof by AEDB, provided that if the delay is caused by actions of the GOP, AEDB or the Purchaser, then, the Project Company shall not be penalized. In addition to any other consequences set out in the Project Agreements, if AEDB determines that any delay by the Project Company in achieving Financial Closing by the Required Financial Closing Date is due to events beyond the reasonable control of the Project Company or that Financial Closing can be achieved shortly, AEDB shall be entitled (acting on an application in writing made to it by the Project Company at least thirty (30) days before the Required Financial Closing Date) to grant in writing

to the Project Company a one time extension of up to a maximum period of six (6) months beyond the Required Financial Closing Date (such extended date being hereinafter referred to as the “**Extended Required Financial Closing Date**” and this LOS shall stand correspondingly extended on the same terms and conditions for such additional period. No claim for an extension to the Required Financial Closing Date and the period of validity of this LOS shall be accommodated or considered by AEDB unless the following actions are taken by the Project Company to the satisfaction of AEDB (i) the Project Company extends the period of validity of the Performance Guarantee so that the Performance Guarantee is valid on the same terms and conditions up till three (3) months beyond the Extended Required Financial Closing Date; and (ii) the maximum amount in which the Performance Guarantee can be called is doubled. Following any extension as aforesaid, the Project Company shall submit monthly reports that set out in adequate detail the additional efforts made by the Project Company to achieve Financial Closing no later than the Extended Required Financial Closing Date and the progress achieved in that regard. In the event the Performance Guarantee is extended in accordance with the terms of this LOS up till three (3) months beyond the Extended Required Financial Closing Date, such Performance Guarantee shall expire and shall be returned to the Project Company on the date falling on the earlier of: (i) the date on which Financial Closing is achieved by the Project Company; (b) the date falling three (3) months after the Extended Required Financial Closing Date.

For the purposes of this LOS, “Financial Closing” means (a) the execution and delivery of the Financing Documents (as defined in the IA) that together with equity commitments evidence sufficient financing for the construction, testing, completion, and commissioning of the Complex (following the resolution of any objections raised by AEDB to a term sheet or debt repayment schedule that sets out a principal repayment schedule and the other principal terms of the transaction between the Project Company and the Lenders (as defined in the IA)) and the evidence of commitments for such equity as is required by the Project Company to satisfy the requirements of the Lenders and this LOS and the satisfaction, waiver or deferral of all conditions precedent for the initial availability of funds under the Financing Documents, and (b) the delivery of the Seller Letter of Credit (as defined in the EPA) to the Purchaser.

In no event shall Financial Closing be deemed to have occurred unless the Project Company has paid all amounts then due and owing to AEDB under this LOS.

3. The Project Company shall pay AEDB the processing fee of US \$ \_\_\_\_\_ within one (01) month of issuance of this LOS.

4. The Project Company shall also be responsible for performing and causing any and all other activities necessary and incidental to its obligations under this LOS.
5. The Project Company will have the option (to be exercised in writing only) to terminate this LOS and all (and only all) of the Project Agreements executed by the counterparties thereto at any time before the Required Financial Closing Date. Such termination option may only be exercised upon payment by the Project Company to AEDB of an amount (“Termination Amount”) equal to (i) the maximum amount in which the Performance Guarantee can be encashed multiplied by the number of months from the date of issuance of this LOS to the date of receipt by AEDB of the Termination Amount (rounded up to the next whole number) divided by the total number of months from the date of issuance of the LOS to the Required Financial Closing Date, and (ii) the receipt by AEDB in full of any legal fees as well as ancillary charges incurred through the date of the termination notice payable under paragraph B(3), or the balance of such legal fees and ancillary charges as applicable, which balance amounts shall, notwithstanding anything to the contrary in this LOS, become automatically due and payable as of the date of the termination notice by the Project Company. In the event of termination of this LOS and/or the Project Agreements by the Project Company without payment of the Termination Amount, AEDB shall be entitled to encash the Performance Guarantee. For the avoidance of any doubt, in the event that the Project Company exercises the termination option during the additional period provided for achieving Financial Closing, the entire doubled amount of the Performance Guarantee shall be encashable on call by AEDB and the “Termination Amount” shall be construed accordingly.

C. PROJECT COMPANY

The rights and obligations of the Project Company hereunder shall be performed by the Project Company, provided always that, the Main Sponsor (as defined in paragraph D) shall remain primarily responsible for all acts and omissions of the Project Company.

D. EQUITY CONTRIBUTION

[Messrs/Mr] (the “Main Sponsor”) will be required to hold at least twenty (20) percent of the equity (being the issued and subscribed share capital from time to time) in the Project Company during the “lock-in period” which will be from the date this LOS becomes effective until the sixth (6th) anniversary of the Commercial Operations Date (as defined in the EPA). The Initial Shareholders (as defined in the IA) shall together hold not less than fifty one (51) percent of the equity (being the issued and subscribed share capital from time to time) in the

Project Company from the date this LOS becomes effective until the sixth (6th) anniversary of the Commercial Operations Date (as defined in the EPA).

E. TERMINATION OF THE LETTER OF SUPPORT

This LOS will automatically terminate, without notice on the earlier of (i) Financial Closing, and (ii) the date which is seven (7) days after the Required Financial Closing Date or the Extended Required Financial Closing Date, unless terminated earlier as provided herein above or unless extended in writing by AEDB in accordance with the terms hereof. Neither of the Main Sponsor, the Initial Shareholders or the Project Company shall have any claim against AEDB, the GOP, the GOS or any of their components, organizations, institutions, agencies or instrumentalities on any ground(s) whatsoever arising from the expiration or termination of this LOS as aforesaid. In the event of termination of this LOS for failure of the Project Company to achieve Financial Closing by the Required Financial Closing Date or Extended Required Financial Closing Date, each of the Project Agreements will automatically terminate.

F. GENERAL

1. The Project Company shall be responsible for the performance of its obligations hereunder jointly and severally with the Main Sponsor.
2. Any notice or communication by or to the Project Company under this LOS shall be deemed a notice or communication to or by the Main Sponsor and the Initial Shareholders.
3. The Project Company represents and warrants to AEDB that it is duly authorised to accept, agree, enter into, deliver and perform this LOS in accordance with its terms on behalf of itself, the Main Sponsor and the Initial Shareholders.
4. This LOS shall be governed by and construed in accordance with the laws of Pakistan and the Courts of Pakistan at Islamabad shall have exclusive jurisdiction in relation to any dispute or matter arising out of or in connection herewith.
5. This LOS shall become effective on the later to occur of (i) submission of the Performance Guarantee, or (ii) the date on which a copy of this LOS signed by the Project Company is received by AEDB.
6. This LOS and the rights and obligations hereunder of the Project Company, the Main Sponsor and the Initial Shareholders shall not be assigned, transferred, sold, mortgaged or encumbered without the prior consent in writing of AEDB.

7. Capitalized terms shall bear the meanings ascribed to them in the pertinent paragraphs herein.
8. The provisions of paragraphs C, D, E, F1, F2, F3 and F6 in this LOS to the extent that they relate to the obligations of the Main Sponsor and Initial Shareholders shall only apply, if the Project is developed through a separate entity.

Kindly sign the attached copy of this LOS at the place indicated and return the same to us.

With regards,

Yours sincerely,

(Mr. \_\_\_\_\_)

**Designation**

Alternative Energy Development Board

Received, Agreed and Accepted by

(Mr. \_\_\_\_\_)

**Designation**

M/s \_\_\_\_\_

Duly authorised representative of the  
Project Company

On \_\_\_\_\_, 2017

Cc:

1. The Secretary, Ministry of Water & Power, Islamabad.
2. The Secretary, Provincial Energy Department.
3. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, Islamabad.
4. Managing Director, National Transmission & Despatch Company, Lahore.
5. The Chief Executive Officer, \_\_\_\_\_ (DISCO)