



Government of Pakistan  
Alternative Energy Development Board (AEDB)  
H # 3, Street # 8, F-8/3, Islamabad.  
Tel: +92 51 922947-50, Fax: +92 51 9262977



B/3/16/2007-118

16<sup>th</sup> August 2011

Mr. Malik Shahid Ahmad Khan  
Chief Operating Officer  
NBT Wind Power Pakistan (Pvt.) Ltd.  
D-94, B-Street, 5<sup>th</sup> Avenue, Block 5  
Kehkashan, Clifton  
Karachi

Subject: **LETTER OF INTENT FOR 250 MW WIND POWER GENERATION PROJECT IN GHARO WIND CORRIDOR**

**Reference:** Your Proposal # AEDB/NBT/W2/07 dated 28<sup>th</sup> June 2011.

In terms of the Policy for Development of Renewable Energy for Power Generation 2006 ("Policy"), the Alternative Energy Development Board ("AEDB") hereby confirms its interest in your proposal for establishing an approximately 250 MW wind power generation project in Gharo wind corridor. The Sponsor(s) is responsible for arranging the land for the project. The Sponsor(s) will be required to get its land validated by AEDB with respect to its bearings in the wind corridor. AEDB may facilitate the Sponsor(s) in arranging the land for the project; however, AEDB has no obligation to provide land to the Sponsor(s) for the project. AEDB acknowledges receipt of the bank guarantee bearing No. 415-02-0105396 dated 13<sup>th</sup> August 2011 in the sum of US Dollars One Hundred Twenty Five Thousand (US \$ 125,000).

2. The Sponsor(s) is required to complete the feasibility study and achieve the milestones listed at the Annex to this LOI ("LOI Milestones") for the subject project, at no risk and at no cost to, and without any obligation on the part of the AEDB, the Government of Pakistan, any Provincial Government or their respective agencies, within a period of 18 months from the date of issuance of this Letter of Intent ("LOI").

3. The Sponsor(s) is required to carry out and complete the feasibility study at internationally acceptable standards and in accordance with the terms and conditions stipulated in the Policy and this LOI. The feasibility study must include, inter alia, micro-siting details, detailed power production estimates, soil tests reports, technical details pertaining to wind turbines to be used in the wind farm, electrical studies (including but not limited to short-circuit study, power quality study, load flow study and stability study), environmental study, project costing, financing plan, carbon credits, financing terms, tariff calculations and assumptions for financial calculations including economic/financial analysis. The Sponsor is also advised to liaise with the power purchaser while determining the site, project layout, sub-station design and layout, the transmission line, interconnection arrangements, and other related matters.



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In terms of the Policy for Development of Renewable Energy for Power Generation 2006 ("Policy"), the Alternative Energy Development Board ("AEDB") hereby confirms its interest in your proposal for establishing an approximately 250 MW wind power generation project in Gharo wind corridor. The Sponsor(s) is responsible for arranging the land for the project. The Sponsor(s) will be required to get its land validated by AEDB with respect to its bearings in the wind corridor. AEDB may facilitate the Sponsor(s) in arranging the land for the project; however, AEDB has no obligation to provide land to the Sponsor(s) for the project. AEDB acknowledges receipt of the bank guarantee bearing No. 415-02-0105403 dated 13<sup>th</sup> August 2011 in the sum of US Dollars One Hundred Twenty Five Thousand (US \$. 125,000).

2. The Sponsor(s) is required to complete the feasibility study and achieve the milestones listed at the Annex to this LOI ("LOI Milestones") for the subject project, at no risk and at no cost to, and without any obligation on the part of the AEDB, the Government of Pakistan, any Provincial Government or their respective agencies, within a period of 18 months from the date of issuance of this Letter of Intent ("LOI").

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4. The validity of this LOI is Eighteen (18) calendar months from the date of its issue, where after it will automatically lapse immediately (unless extended pursuant to clauses 5 or 6), being the February 15, 2013 (the "**Expiry Date**"). Issuance of this LOI or the lapsing of its validity, or your conducting a feasibility study there under, cannot form the basis of any claim for compensation or damages by the Sponsor(s) or the project company or any party claiming through or under them against the Government of Pakistan, the Provincial Government, AEDB or any of their agencies, employees or consultants on any grounds whatsoever, during or after the expiry of the validity of the LOI.

5. The Sponsor(s) is therefore required to complete the feasibility study and achieve the LOI Milestones for the subject project within the validity of this LOI. The Sponsor(s) is also required to submit quarterly progress reports. Provided the Sponsor(s) meets the LOI Milestones on the stated dates, the Expiry Date of this LOI shall be extended on a day-for-day basis for the number of days of delay by which the approval or review by the relevant public sector entity listed in the LOI Milestones is delayed beyond the corresponding period stated in the LOI Milestones. In case there is a delay in completion of the feasibility study within the validity of this LOI for reasons not attributable to a public sector entity, a one-time extension may be granted up to a maximum period of one hundred eighty (180) days if AEDB is satisfied that the feasibility study is being conducted in a satisfactory manner and is likely to be completed shortly, and provided the Sponsor(s) enhance the amount of the bank guarantee to twice its original amount and extend its validity for a period six (6) months beyond the extended Expiry Date. Furthermore, if the said feasibility study is technically approved by the Panel of Experts and later the tariff awarded by NEPRA is not agreed by the Sponsor(s) (such decision to be made within thirty (30) days of the award of the tariff, and in any event within the validity of the LOI), the bank guarantee less 10% deduction for administrative and ancillary charges, would be returned to the Sponsor(s).

6. The Sponsor(s) shall apply to NEPRA for award of tariff within the period of validity of this LOI. Upon tariff being given, the Sponsor(s) shall forthwith submit a new Performance Guarantee in the sum of US Dollars Six Hundred and Twenty Five Thousand (US \$ 625,000) and obtain the Letter of Support ("LOS") from AEDB within the validity period of this LOI, provided, if the award of the tariff is delayed beyond the initial validity of the LOI, the Sponsor(s) shall extend the bank guarantee for a further period of six (6) months and the Expiry Date shall be extended *ipso facto* for a further period of six (6) months, and the Sponsor(s) shall obtain the LOS and submit the Performance Guarantee within the extended period afore-said. For the avoidance of doubt, the afore-said extension process may be repeated if the tariff is not announced (including on any review petition filed by the Sponsor(s), such review (if any) to be filed within the period prescribed in the NEPRA (Tariff Procedures and Standards) Rules) up to fifteen (15) days before the then prevailing Expiry Date.

7. In case the Sponsor(s) fails to meet the LOI Milestones or perform any other obligations set forth in the Policy and this LOI, including the extension of the date of expiry of bank guarantee as provided herein, AEDB will terminate this LOI and encash the bank guarantee.



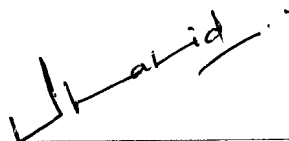
8. (A) Pending the nomination of the Main Sponsor per sub-clause (B), the M/s NBT Wind Power Pakistan (Pvt.) Ltd is liable for all obligations and liabilities of and on behalf of all other shareholders/ Sponsor(s) (without relieving the other shareholders/Sponsor(s) of their obligations and liabilities under this LOI). It is emphasized that the financial and other relevant credentials of M/s NBT Wind Power Pakistan (Pvt.) Ltd were a fundamental consideration for exercise of its discretion by AEDB to grant this LOI. Accordingly, M/s NBT Wind Power Pakistan (Pvt.) Ltd shall not transfer or assign its shareholding (or other participatory interest, if the project company is not formed by the date of issue of the LOI) in the project or the project company without the prior written approval of AEDB, which approval may be declined by AEDB in its discretion if the proposed transferee's financial and other relevant credentials are found unsatisfactory.

(B) The Sponsor(s) is advised to nominate the Main Sponsor (*being the individual or group holding at least 20% equity or participatory interest in the IPP project*) no later than the Expiry Date of the LOI. In default of nomination as aforesaid, the M/s NBT Wind Power Pakistan (Pvt.) Ltd will be deemed the Main Sponsor for all intents and purposes. The Main Sponsor, together with other initial project shareholders/Sponsor(s) (which shall, subject in each case to sub-clause (A) above, be firmly settled and announced to AEDB by the Expiry Date of the LOI), must hold 51% of the project equity for a period up to the project's Commercial Operations Date (COD).

(C) Any actual or purported transfer or assignment of the shares or other participatory interests by the Sponsor(s) / shareholders in contravention of the foregoing restrictions without prior written consent of the AEDB shall render this LOI void and the bank guarantee will be encashed in such case by AEDB.

9. This LOI is not assignable and non-transferable. This LOI shall be void upon any actual or purported assignment or transfer hereof without the prior written consent of AEDB.

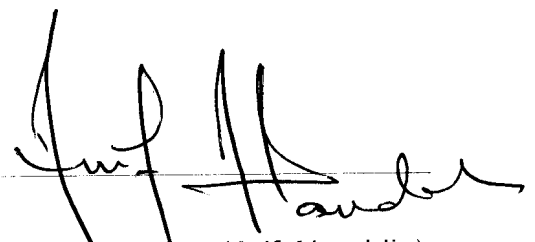
10. This LOI is issued in duplicate on the date hereof, and it shall come into effect when one copy is received by AEDB after being duly countersigned by you. Nevertheless, this LOI shall lapse if the countersigned copy is not received at AEDB within 15 days of its issuance.



(Malik Shahid Ahmad Khan)

**Chief Operating Officer**

**NBT Wind Power Generation (Pvt.) Ltd**



(Arif Alauddin)

**Chief Executive Officer**

**AEDB**



**Milestones for the Letter of Intent (LOI)**

Sr. No.	Milestones	Time Frame (in Months)
1.	Issuance of Letter of Intent (LOI)	T <sub>0</sub>
2	Validation of land (coordinates) from AEDB w.r.t applicability of wind risk	At least 90 days prior to submission of the feasibility study
3	Completion of feasibility study	No later than 120 days prior to the expiry date of the LOI
	(i) Technical Study along with project description	
	(ii) Plant outline and equipment details	
	(iii) System design and plant installation	
	(iv) Study for Integration of project into grid	
	(v) Financial feasibility study	
4	Initial environmental examination (IEE) / Environmental Impact Assessment Study (EIA)	No later than completion of the feasibility study
5	Submission of IEE / EIA to AEDB for review	No later than completion of the feasibility study
6	Submission of IEE / EIA to concerned EPA	No later than the submission of same to AEDB.
7	Approval of IEE / EIA from concerned EPA	-60 days after submission of the IEE/EIA study
8	Conducting Electrical & Grid Studies (i) Grid Interconnection Study (ii) Load Flow Study (iii) Power Quality Study (iv) Stability & Short Circuit Study	No later than completion of the feasibility study
9	Submission of Grid Interconnection Studies to NTDC	No later than completion of the feasibility study
10	Acknowledgement of feasibility study by AEDB	15 days after submission of feasibility study
11	Verification fee	To be submitted within 10 days of written request by AEDB.
12	Approval of Electrical and Grid Studies by NTDC	60 days after submission of the Electrical and Grid Studies
13	Submission of approved IEE / EIA and Grid Interconnection studies to AEDB	Within 7 days of approval by EPA and NTDC
14	Final approval of feasibility study by Panel of Experts	Within 60 days after acknowledgment by AEDB, provided any requisite modifications are timely made by the Sponsor(s) and the modified feasibility study is resubmitted within 15 days of a letter by AEDB requiring the modifications



15	Submission of application to NEPRA for tariff determination and Generation License	Within 15 days of final approval of the feasibility study by AEDB
16	Award of Tariff and Generation License by NEPRA	Within the validity of the LOI (as may be extended under clause 6)
17	Acceptance of Tariff by IPP	Within the validity of the LOI (as may be extended under clause 6)
18	Posting of Performance Guarantee for Issuance of Letter of Support (LOS)	At least 15 days before expiry of LOI
19	Issuance of Letter of Support (LOS) by AEDB	at least 7 days before expiry of LOI





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Alternative Energy Development Board  
Ministry of Water & Power.  
Head Office, 3, Street 8, F-8/3, Islamabad  
Phone: 051-9262956, Fax: 051-9262977



No. B/3/1/NBT-I/11

January 2012

Mr. Joar Viken  
NBT AS  
Filipstad Brygge 1  
0252 Oslo, Norway

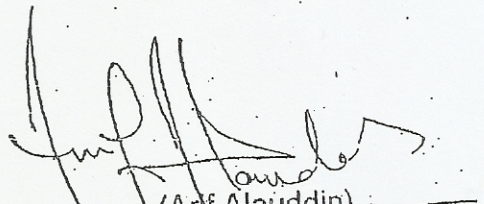
**SUBJECT: NBT'S 500MW OF WIND FARMS UNDER DEVELOPMENT IN PAKISTAN**

Dear Mr. Viken:

We are very pleased to see NBT's is progressing in developing its proposed 500MW of wind farm(s) in Pakistan. AEDB remains committed to facilitate NBT in prompt development of these wind farms and looks forward to have a long term working relation with NBT in the renewable energy sector in Pakistan.

2. We are continuing to facilitate early finalization of the Energy Purchase Agreements between CPPA and NBT on the 500MW of wind farms and expect that these agreements to be finalized within January 2012.
3. In addition, we are working with the Government of Sindh for early allocation of the land for your project. There were some questions from the Government of Sindh on the identified land. We are trying to respond to these questions and in parallel surveying additional land that may be suitable for your project. We expect to bring this to a close within this month.
4. AEDB looks forward to continue working with NBT to bring more renewable energy projects to Pakistan. In this regard if we can be of any further assistance please do not hesitate to call.

Sincerely yours,

  
(Anif Alauddin)  
Chief Executive Officer