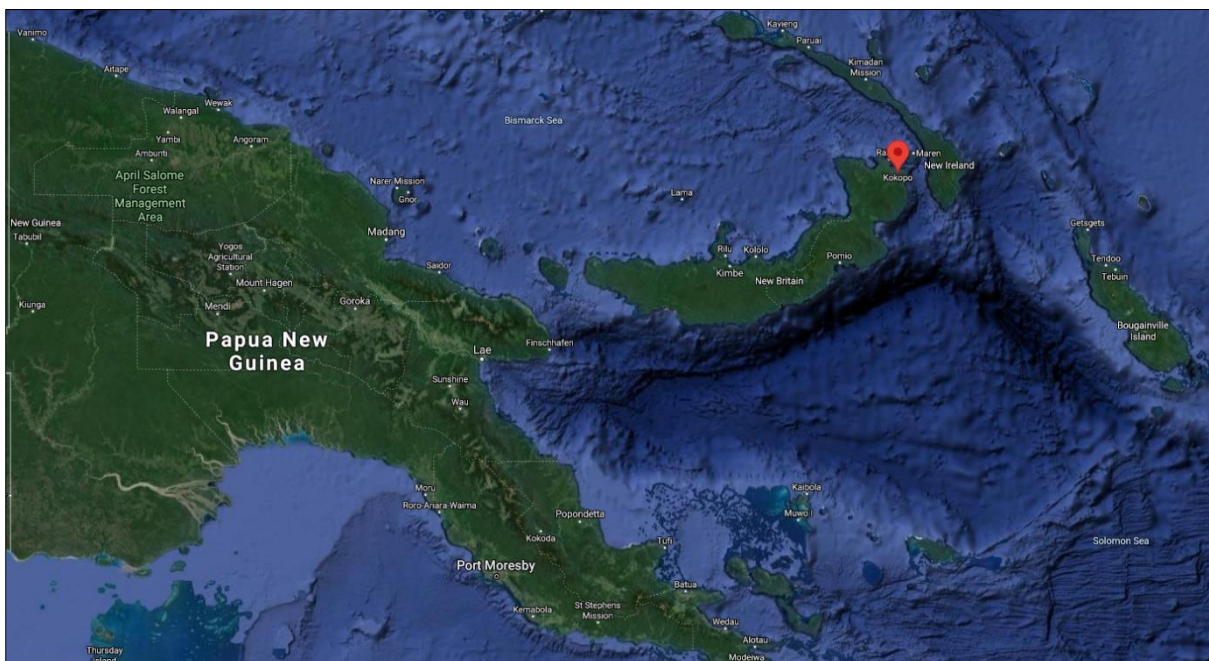




Call for Expressions of Interest (EOI)

Land lease for solar farm near Kokopo, East New Britain

EOI Number: PPL GF-02



1. Project Overview

PNG Power Ltd (PPL), in collaboration with Kumul Consolidated Holdings (KCH), is implementing a competitive tender for a 5MW solar power plant to be connected to the Gazelle transmission grid and operated on an independent power producer basis (the Project). The Private Sector Development Initiative (PSDI)¹ is providing technical assistance to PPL and KCH for this project.

The project requires a suitable land parcel for the installation of the solar farm.

PPL and KCH are now seeking Expressions of Interest (EOI) from owners of suitable alienated land to enter into a lease agreement for up to 26 years.

A suitable land parcel must have the following mandatory characteristics:

Physical Characteristics

- Located within the 3 zones highlighted in the map attached as Appendix A
- Preferably 10Ha (between 8 to 12Ha)
- Flat or close to flat with few undulations
- Square or regular shaped parcel
- Close to existing electricity transmission lines
- Good road access to site (able to receive container trucks deliveries to the site)
- Free from flooding risk
- Free horizon – i.e. the site receives sunlight from morning to evening without shading from mountains or other major obstacles
- No obstructions to receiving development or construction approvals (including but not limited to environmental or cultural concerns)

Legal Characteristics

- State Lease or freehold title that is fit for the proper purpose, has the correct zoning for the project and is valid through at least 2050.
- The land must be free of encumbrances and vacant

2. Project Structure

PPL will enter into a power purchase agreement (PPA) with the Project Company that emerges as the winner of the competitive solar farm tender. This PPA will be for a period of 15 years, after which the project company will be transferred to PPL who will have the option of continuing to operate the plant for an additional 10 years.

The selected land parcel will be leased to the project company for an initial term post construction completion (at commencement of power offtake) of 15 years (with an additional year for project development activities), and the project company will have the option of extending the lease for two further periods of 5 years each. All commercial terms, including the rent, will be specified in the lease

¹ PSDI is a technical assistance program undertaken in partnership with the Government of Australia, the Government of New Zealand, and the Asian Development Bank.

agreement to be negotiated between the landowner and the project company. A lease termsheet is attached at Appendix B.

The maximum rent to be paid to the land owner under the lease will be K100,000 per year for years 1-16, K120,000 per year for years 17-21 and K130,000 per year for years 22-26.

The long term lease, its term and conditions, will be dependent on the Project proceeding and continuing.

3. Achieving Legal Compliance

Owners of alienated land title which meets the physical requirements of the project may submit an EOI if their land is not yet subdivided and/or is the subject of a state lease for purposes other than the operation of a solar farm. In these cases it will be the responsibility of the owners to secure the appropriate title before a commercial lease can be signed for the project. This process may include obtaining the necessary approvals to subdivide and/or change the zoning and purpose of the state lease (if applicable). Failure to do so within an agreed timetable will result in the cancellation of any provisional agreement with the project company.

It is anticipated that:

- An initial agreement will be entered into with the first-ranked bidder during the subdivision, rezoning and re purposing phase (if required) at the discretion of KCH.
- The long term lease agreement with the Project Company will be signed once the PPA for the Power offtake is signed between PPL and the Project Company.

4. EOI and Project Implementation Timetable

PPL / KCH are working towards the following schedule for this EOI and subsequent project implementation:

Item	Timing
Issue EOI	February 22, 2022
Last Date for Questions	March 15, 2022
EOI Submission Date	March 31, 2022
Completion of EOI Evaluation and shortlisting of Respondents	April 29, 2022
Lease / Provisional Lease negotiations	May 9 - 13, 2022
Securing Legal Compliance (if needed)	May 16 – October 7, 2022
Signing commercial lease with Project Company	October 14, 2022

5. How to Prepare your Submission

Step 1 – Register your interest in responding to the EOI as soon as possible, by sending an email to the KCH contact below so that you can be notified of any updates to the EOI and any answers to questions that have been submitted.

Any questions and/or requests for clarifications must be addressed by email to KCH before the Last Date for Questions in section 4 above. KCH will endeavor to respond to all questions within 5 working days. KCH will make all questions and answers that it provides available to all Respondents.

Step 2 – Complete the Response Checklist in **Appendix C** and provide it with electronic copies of all requested documents.

5.1. Submitting your EOI

Complete EOIs must be submitted by email to KCH by 4pm POM time on the **EOI Submission Date**.

Contact for this EOI submission and questions/requests for clarifications is:

Name: Wayne Baloiloi

Position: Team Leader – Transformation Management Office

Email: wayne.baloiloi@kch.com.pg

All questions/ requests for clarification pertaining to this EOI and proposed project must be submitted to the contact via email. Only questions submitted in this manner will be answered.

5.2. Evaluation Criteria

The following criteria will be used to evaluate the EOI submissions:

- Sites meeting the mandatory legal characteristics (i.e. having a suitable title and zoning allowing for the operation of a solar farm)
- Sites meeting the mandatory physical characteristics
- Sites with the following preferred physical characteristics:
 - close proximity to electricity transmission lines
 - good north-facing orientation
 - clear from trees and shading obstacles, and with no existing infrastructure requiring clearing
 - no contamination, garbage dumps, etc

If power lines or road access requires improvement or clearing of the site is required, these costs will be taken into consideration when assessing the suitability of the land.

6. Appendix A – Target Land Zones for Solar Farm



7. Appendix B - Lease Termsheet

Item #	Key Term	Detail
1	Parties	Project Company (holder of the PPA agreement with PPL) [Party B] [insert name] of [insert address] (Lessor).
2	Commercial Operation Date (COD)	The date that the solar farm is expected to be constructed and operational. 30 November 2023
3	Term	Initial term: 16 years (15 years from COD from date of commencement of Power offtake., plus 1 year for development activities prior to this) Extension: two extension periods of 5 years each at the discretion of Project Company
4	Currency	The currency of the PPA will be Papua New Guinea Kina (PGK)
5	Fee	K100,000 per year for years 1-16, K120,000 per year for years 17-21 and K130,000 per year for years 22-26
6	Principle Obligations of the Parties	The Lessor must ensure that the land remains free of encumbrances and vacant for the duration of the lease The Project Company will pay the lease fee monthly into a bank account nominated by the Lessor
7	Force Majeure	A party affected by a Force Majeure event will be excused from performance and will not be liable to the other Party for any failure in carrying out its obligations under the Agreement but only to the extent of the force majeure event. The affected Party will use best endeavors to resolve the Force Majeure event as quickly as possible, with all reasonable assistance from the other Party.
8	Termination	The following will be causes for termination: <ul style="list-style-type: none"> • Termination of the Project for any reason. • Failure to meet Condition Precedent • Lessor event of default • Project Company event of default • Prolonged Force Majeure event If the lease agreement is terminated, then the party responsible for the cause of termination will pay the other party a break fee. In the case of force majeure, neither party will pay the break fee
9	Taxes	Each Party will be solely liable for payment of their own tax liability as it falls due.
10	Governing Law	Papua New Guinea

8. Appendix C: EoI Response Form and Checklist

The following forms and checklist are to be used for your Submission. Please ensure that all requested information is provided. Please also clearly mark all attached documents with the relevant title to assist the evaluation panel with their assessment.

8.1. Respondent Details

Please complete the following table:

Item	Response
Respondents Name	
Is the Respondent a company or individual	
Is the Respondent the owner of the proposed block of land?	
Respondents Address	
Respondents Email	
Respondents Phone Number	

8.2. Respondent Land Details & Description

Please complete the following table:

Item	Response
Registered owner (as listed on land title)	
Title description	
Address of proposed block of land	
Co-ordinates of proposed block of land	
Land area / size (Ha)	
Current land purpose as per title and actual use	
Current zoning	
If state lease, what is the date of expiration?	
Please describe the road access to the site and its current condition	
Description of the <u>proposed site</u> and any existing dwellings, buildings, crops, etc	

Description of <u>neighbouring land</u> any existing dwellings, buildings, crops etc	
Approximate distance to electricity transmission lines	
Describe any encumbrances on the land	
Describe any legal filings made contesting the ownership of the land	
If land is not currently subdivided and/or zoned for the purposes of a solar farm and/or the title is for a purpose other than a solar farm, please outline the process to be undertaken to secure the necessary title	

8.3. Documents to be provided

Tick to confirm that all of the following information has been provided.

Item	Tick if attached
Cadastral Map	<input type="checkbox"/>
Plan drawing of the site	<input type="checkbox"/>
Photos from site (with location & direction taken clearly indicated on the map)	<input type="checkbox"/>
Geotech Report	<input type="checkbox"/>
Flood Study Report	<input type="checkbox"/>
Copies of owners ID	<input type="checkbox"/>
Incorporation details if a company and copy of certificate of incorporation	<input type="checkbox"/>
Copy of current Title	<input type="checkbox"/>

8.4. Signature of Respondent

Name:

Date: