Based on Article 87, paragraph 1, point 2) of the Law on the Use of Renewable Energy Sources ("Official Gazette of the Republic of Serbia", No. 40/21 and 35/23) and Article 43, paragraph 1 of the Government Law ("Official Gazette of the Republic of Serbia", No. 55/05, 71/05 - correction, 101/07, 65/08, 16/11, 68/12 - US, 72/12, 7/14 - US, 44/14 and 30/18 - other law),

The Government issues the

DECISION

on the implementation of the procedure for the selection of a strategic partner

"Official Gazette of the Republic of Serbia", number 37 of May 5, 2023.

1. This decision determines the procedure for selecting a strategic partner for the implementation of the project of construction without management and maintenance of self-balancing large-capacity solar power plants with battery systems for storing electrical energy in the Republic of Serbia (hereinafter: the Project).

2. Content and description of project requirements and needs The Project is implemented through the model of strategic partnership and through public financing, for:

1. Achieving the goals of the energy transition and fulfilling the international obligations of the Republic of Serbia in accordance with Article 87, paragraph 1, point 2) of the Law on the Use of Renewable Energy Sources,

2. Responding to the current energy crisis in Europe, accompanied by extremely high electricity prices and other energy sources,

3. Eliminating the need for electricity imports and ensuring long-term security of supply for consumers in the Republic of Serbia at economically affordable prices,

4. Compensating for the reduced production capacity of the Joint Stock Company "Electric Power Industry of Serbia" Belgrade (hereinafter: EPS), as a consequence of reducing production from thermal energy capacities, as well as the negative effects of global warming on electricity production from hydropower plants,

5. Meeting the growing need for capacities capable of providing balance and system services.

In the framework of the Project implementation, the main obligations of the strategic partner are:

- Organizing financing - the strategic partner needs to provide letters of interest for financing the complete investment costs of the Project by international financial institutions and reputable export credit agencies. The offered financing should be suitable for public financing of the Project

(credit to be taken by the Republic of Serbia) with a long repayment period (at least 18 years) and with other conditions acceptable to the Republic of Serbia,

- Project Development - After obtaining the status, the strategic partner needs to perform a preliminary project analysis up to the level of the Preliminary Feasibility Study with the General Project, in accordance with the Law on Planning and Construction ("Official Gazette of the Republic of Serbia", No. 72/09, 81/09 - correction, 64/10 - US, 24/11, 121/12, 42/13 - US, 50/13 - US, 98/13 - US, 132/14, 145/14, 83/18, 31/19, 37/19 - other law, 9/20 and 52/21). These activities include the selection of optimal locations for the construction of solar power plants and battery systems for energy storage, the preparation of appropriate spatial planning and technical documentation, and the creation of appropriate studies on the ecological and social sustainability of the Project.
- Design: the strategic partner will prepare the technical documentation necessary for the implementation of the Project (Feasibility Study with Conceptual Design, Project for Building Permit, Project for Execution and Project of Constructed Object) in accordance with the Law on Planning and Construction.
- Procurement of necessary equipment and services: the strategic partner will fully carry out the procurement of equipment, software solutions and services necessary for the construction of the Project.
- Construction of the Project: the strategic partner will be responsible for carrying out the works on the construction of all components of the Project, which includes obtaining a use permit and a license for electricity production.
- Initial management and maintenance of the Project: the strategic partner will provide management and maintenance services for the Project for two years from its construction and the start of its operation. During this period, the strategic partner is also obliged to transfer knowledge and train the technical team of EPS to optimally manage the Project, including techniques for optimal planning of solar power plant production, techniques for optimal management of sun tracking systems of solar power plants, and techniques for optimal use of battery systems for storing electrical energy. The Project will be developed, built and handed over to EPS on a "turnkey" basis. This means that the strategic partner, in addition to building solar power plants and battery systems for storing electrical energy, will be obliged to carry out all other necessary activities, and to build all other infrastructure necessary for the normal functioning of the Project, including but not limited to:
- preparation of the site for setting up solar power plants and battery systems,

- Construction of the necessary infrastructure for the connection of solar power plants and battery systems to the power system, including the expansion of transmission or distribution capacities, if necessary,
- Installation of telecommunications infrastructure required for monitoring and managing solar power plants and battery systems. Construction of access roads and fencing of the built infrastructure.

The realization of this project will significantly improve the state of the energy sector in the Republic of Serbia, as well as the position of EPS as a key electricity producer, while the battery system for energy storage will significantly improve the possibilities for balancing the power system.

3. The owner and investor, who will exercise the investment rights in the construction of the power plant, is EPS.

4. Basic characteristics of the power plant

The project consists of two components: Solar power plants with a total installed capacity of 1,000 MWac (or 1,200 MWdc). To ensure the greatest possible uniformity of electricity production, the total installed capacity must be distributed in five or more independent solar power plants. The strategic partner will propose the locations of the solar power plants and the number and installed capacity of each individual solar power plant. To achieve higher electricity production, especially during the periods of the day when the energy price is significantly higher than average (morning and afternoon hours), solar panels should be installed on single-axis sun tracking systems. Solar power plants, i.e., single-axis tracking systems, should be equipped with software for optimal production of electricity. Also, EPS, as the owner of these power plants, should receive an appropriate software platform and professional knowledge for conducting quality short-term forecasts of these power plants' production.

Battery systems for energy storage, with a total installed capacity of at least 200 MW and the ability to accumulate at least 400 MWh of electricity, distributed at one or more strategically important locations within the power system of the Republic of Serbia. The strategic partner will propose the locations for these energy storage battery systems. Battery systems should be equipped with appropriate software to optimize the use of these facilities through the provision of system services and balancing services.

5. Type of renewable energy source

Non-fossil, renewable energy source - sun.

6. Method of production and conditions for the uptake of electricity

Since EPS will be the complete and sole owner of the Project, all built production capacities and corresponding infrastructure, except for the connection facility parts, which according to the regulations must be transferred to the ownership of transmission or distribution system operators, will be included in the EPS production portfolio. All electricity produced by solar power plants and services provided by battery systems will be integrated into EPS's operational plans.

7. Conditions relating to environmental protection

In the process of considering potential locations and selecting the location(s) for each individual object for the construction of several large-capacity self-balancing solar power plants, it is necessary to respect the following obligations in order to protect the bio, geo, and landscape diversity as part of the environment:

For protected areas of category I of national or exceptional importance, as well as for protected areas of category II of provincial, regional, or significant importance, it is necessary to obtain an act on nature protection conditions in accordance with Article 9, paragraph 8, and Article 57 of the Law on Nature Protection ("Official Gazette of RS", no. 36/09, 88/10, 91/10 – correction, 14/16, 95/18 – another law and 71/21). Since the aforementioned protected areas of the first and second categories are proclaimed by the Government, the act on nature protection conditions is issued by the ministry responsible for environmental protection, after obtaining the expert basis from the competent institute.

For protected areas of category III, which are of local importance and are proclaimed by the competent local self-government unit, it is necessary to obtain an act on the conditions of nature protection, which is issued by the Institute for Nature Conservation of Serbia in accordance with Article 9, paragraph 10, and Article 57 of the Law on Nature Protection.

For areas that are not protected areas, for which protection procedures have not been conducted or initiated, it is also necessary to obtain an act on the conditions of nature protection, which is issued by the Institute for Nature Conservation of Serbia in accordance with Article 9, paragraph 1, of the Law on Nature Protection.

8. Conditions relating to the protection of cultural monuments at the location where the facility will be built

General conditions for the protection of cultural monuments at the location where the facility will be built are:

- Preparation of studies on the protection of cultural and archaeological heritage and war memorials,
- Archaeological monitoring of works, with the aim of timely registration of archaeological heritage discoveries and taking steps according to Articles 109 and 110 of the Law on Cultural Property.
- In case of discovering archaeological heritage during construction – suspension of works, protective archaeological excavations, conservation, presentation, and publication, all at the investor's expense,
- In case of conducting research, it is necessary to prescribe new protection conditions (defines the possibility of construction). During the preparation of technical documentation, conduct certain archaeological investigations

(LiDAR, geophysics, geo-drilling, exploratory investigations) to avoid additional work and time loss during construction.

9. Conditions relating to energy efficiency:

The strategic partner will, in addition to maximizing the use of natural resources in the form of solar energy, through the application of high-efficiency solar panels and single-axis tracking systems, pay particular attention to the implementation of energy efficiency measures, through:

– Optimization of the internal network of solar power plants and battery systems, by choosing single-pole schemes, inverters as well as low, medium, and high voltage elements which would reduce losses of electrical energy;

– Strategic location of battery systems for electrical energy storage which will reduce losses of electrical energy in the power system through (1) control of voltage conditions and reactive power flows and (2) reduction of peak loads and currents in system elements.

10. Conditions relating to the termination of the facility's operation

The decision to cease operation of solar power plants and battery systems, after the end of their economic life cycle, will be made by EPS, as the owner of the Project. The strategic partner will, as part of the agreement with equipment suppliers that cannot be properly stored or recycled, include a contractual clause on the mandatory takeover of that equipment by the manufacturer at the end of the facility's lifespan, at the request of the Government or EPS.

11. The deadline for the Project implementation is from 4 to 5 years.

12. The period for which the contract is concluded is from 6 to 7 years.

13. Bid evaluation system:

The evaluation of bids will be carried out using general and specific criteria.

General criteria must be fully met for the applicant to qualify for participation in the procedure. General criteria are not the subject of application evaluation and they are not scored.

Specific criteria are the conditions based on which applications will be evaluated. Applications are ranked based on the sum of points of specific criteria.

A detailed description of the general and scoring method of specific criteria will be performed in the subordinate act (in accordance with Article 89, paragraph 1, of the Law on the Use of Renewable Energy Sources), and in the public call (in accordance with Article 89, paragraph 3, of the Law on the Use of Renewable Energy Sources). These criteria need to ensure that:

- Full financing of the Project is ensured, that is, by reputable export credit agencies in accordance with OECD rules. The financing should be suitable for public funding of the Project with a long repayment period (at least 18 years) and with other conditions acceptable to the Republic of Serbia;
- A strategic partner is selected who possesses proof of technical and financial capacity for the realization of this project, wherein the applicant should provide proof of successful development and/or construction of at least 25,000 MW of power projects and annual turnover for the last three years of at least 5 billion dollars per year, with more than 5,000 employees and with a number and structure of professional staff that will be the subject of specific criteria;
- Installation of quality and durable equipment is ensured, for which the applicant should provide a letter from the equipment manufacturer confirming the required technical characteristics, quantity of installed products, as well as confirming the possibilities of product delivery for the Project of the strategic partner, and that:
- Long-life, high-efficiency solar panels with minor production degradation, which will not fall below 82% of the initial capacity during 30 years of exploitation, are produced by a company that has installed panels on over 5,000 MW of solar power plants;
- Systems for setting up solar panels with single-axis tracking, with a long lifespan of at least 30 years, are produced by a company that has installed its systems on over 30,000 MW of solar power plants;
- Long-life, high-efficiency inverters (over 98.5%), are produced by a company that has installed over 10,000 MWh of its energy batteries;
- High reliability and long-life energy transformers are produced by a company that has integrated over 200,000 MW of power installations into the grid;
- Ensure the realization of the project in the shortest possible time, whereby the applicant should provide a report on previously performed works for solar power plants and battery systems which by capacity should correspond or exceed the requirements of the Project.

14. In order to realize the Project, a Working Group is formed for the selection of a strategic partner for the implementation of the project of building large-capacity self-balanced solar power plants without management and maintenance and with battery systems for electricity storage in the Republic of Serbia (hereinafter: the Working Group).

The Working Group consists of:

Chair of the Working Group:

Dubravka Đedović, Minister of Mining and Energy.

Deputy Chair of the Working Group:

Dr. Veljko Kovačević, Special Advisor, Ministry of Mining and Energy.

Members of the Working Group from the Ministry of Mining and Energy:

1. Jovana Joksimović, Acting Assistant Minister;
2. Rade Mrdak, Special Advisor;
3. Tatjana Radukić, Senior Advisor.

Member of the Working Group from the Ministry of Environmental Protection:

1. Sabina Ivanović, Head of the Department for Strategic Planning in the field of Environmental Protection;

Member of the Working Group from the Ministry of Culture:

1. Olivera Ignjatović, Independent Advisor;

Member of the Working Group from the Ministry of Construction, Transport and Infrastructure:

1. Ivana Grujički, Head of the Department for Location Conditions;

Members of the Working Group from EPS (Electric Power Industry of Serbia):

1. Milan Đorđević, Head of the Department for the Improvement of the Technical System of Power Plants, Technical Tasks of Energy Production;
2. Radoš Čabarkapa, Head of the Department for Support in Planning and Analysis of the Realization of Plans, Tasks of Managing the Energy Portfolio;

Members of the Working Group from the Joint Stock Company "Electrical Network of Serbia":

1. Nenad Šijaković, Manager of the Sector for Managing the International and Regulatory Portfolio;
2. Ivan Trkulja, Manager of the Sector for the Development of the Transmission System.

The tasks of the Working Group are to: draft a public call, receive, review submitted documentation, conduct a procedure for evaluating offers, draft a contract proposal, and submit to the Government for adoption the proposal for a decision on the selection of a strategic partner; after the Government's decision on the selection of a strategic partner, conduct negotiations with the selected strategic partner with the aim of concluding a contract; after the conducted negotiations with the selected strategic partner, it submits a report to the Government with a proposal to conclude a contract with the selected strategic partner or for the Government to make another decision on the further procedure depending on the results of the negotiations.

The Working Group can make decisions if a majority of the total number of members are present, and decisions are made by the majority of votes of the total number of members.

The Working Group is obliged to keep confidential and secret technical, economic and other data from the offer.

The Ministry of Mining and Energy provides professional and administrative-technical support to the Working Group.

In order to provide expert assistance, prepare certain analyses and studies for the purpose of drafting a proposal for the selection of a strategic partner, the Working Group may seek expert assistance from the appropriate persons.

The Working Group adopts its own rules of procedure.

15. Other elements of importance for the implementation of the strategic partner selection procedure:

For the purpose of implementing the project, the strategic partner will engage domestic companies to the extent that it is in accordance with the technical requirements of the project and the economic interests of the Project.

This decision comes into force on the eighth day from the date of publication in the "Official Gazette of the Republic of Serbia".

No. 05 312-3698/2023

In Belgrade, May 4, 2023

Government

President,

Ana Brnabić, s.r.