

EXEMPTION FROM THE OBLIGATION TO HOLD A LICENSE FOR CONSTRUCTION

This Exemption from the obligation to hold a License for the Construction of a Renewable Energy Source Power Plant for commercial use under number XXXX is granted pursuant to Article 27(4) of the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021).

The Cyprus Energy Regulatory Authority (CERA), exercising its powers under the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021), as well as any other powers it has under any other Laws, Regulations and Decisions for this purpose, grants this Exemption whereby

XXXXX

(ID CARD NO /REG. NO HEXXXXX)

is licensed in accordance with the provisions of the Law to construct a Renewable Energy Source Power Plant for commercial use, XXXXX (type of RES), in property (sheet/plan) XXXX, plot no XXXX, in XXXX (Municipality/Community) of District XXXXXX.

The Power Plant shall consist of XXXXX (technology), with a maximum output capacity of XX MW.

This exemption is granted subject the following conditions:

1. Definitions

The words, terms and expressions given a specific meaning under the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021) and the Regulations Regulating the Electricity Market (Issuance of Licenses) of 2004 [Regulatory Administrative Act (KDP) 538/2004] shall have the same meaning in this Exemption.

Other words, terms and expressions used in this Exemption which are not interpreted by the above Law or the aforementioned Regulations, shall have the meaning given to them in this Exemption.

2. Compliance with the Law Regulating the Electricity Market of 2021 and Regulations, Regulatory Decisions and Decisions deriving therefrom

The Licensee shall ensure that all activities covered by this Exemption comply at all times with the Law Regulating the Electricity Market of 2021 and all Regulations and Regulatory Decisions deriving therefrom, as well as with subsequent revisions and amendments thereof.

Non-compliance by the Licensee with any provision of the Law or the Regulations, Regulatory Decisions and Decisions deriving therefrom or the special terms and conditions set out in this Exemption, gives CERA the right to impose an administrative fine on the Licensee and/or suspend or revoke this Exemption.

The Licensee shall comply with any provision of other Laws relating to the provisions of the Law Regulating the Electricity Market of 2021, whether or not they refer to it.

3. Compliance with the Rules arising from the Law Regulating the Electricity Market of 2021

The Licensee shall ensure that he/she/it complies with all the Rules deriving from the Law Regulating the Electricity Market of 2021 and in particular with:

- (1) the applicable Transmission Rules and Distribution Rules; and
- (2) the applicable Electricity Market Rules

4. Compliance with other Laws, Regulations, Decrees and Decisions

The Licensee has the obligation and responsibility to comply with the applicable Laws, Regulations, Decrees and Rules of the Republic of Cyprus and to ensure that the Station and the activities covered by this Exemption are consistent with them.

This Exemption does not exempt the licensee from the obligation to obtain any other approvals or Exemptions required by any other Law.

5. Powers to obtain information

The licensee has the obligation to provide CERA with any documents, information or other material that CERA may require for the exercise of its duties, responsibilities and powers.

6. Right to enter and inspect

The Licensee has the obligation to allow CERA or its authorized operators to enter his/her/its premises or means of transport, to provide them with any document or other material requested and to keep books, documents and registers as requested.

7. Keeping separate accounts

The Licensee has the obligation to keep separate accounts for each of the activities for which it is required to possess a Exemption.

8. Change in ownership status of legal person

- (1) Where the Exemption holder is a legal person and intends to make a change in its ownership status, it has the obligation to obtain CERA's prior written approval.

- (2) A request for change in the ownership status of the legal person must be submitted at least three (3) months before the proposed change.
- (3) CERA may accept or reject any request for a change in ownership status.
- (4) For any change in ownership status without CERA's prior approval, CERA may impose an administrative fine and/or suspend or revoke this Exemption.

9. Disposal of Assets

- (1) Where the Exemption holder intends to dispose of or relinquish their right to any asset, they have the obligation to submit written notice to CERA at least one (1) month in advance. CERA has the right to request any additional relevant information.
- (2) The Exemption holder may dispose of or relinquish their right to any asset if-
 - (α) CERA confirms in writing its consent to such disposal or relinquishment, under such terms as CERA may impose or
 - (β) CERA does not inform the Exemption holder in writing of any objection to such disposal or relinquishment of right to an asset, or its control within the notice period.
- (3) CERA shall not unreasonably withhold its consent.

For the purposes of this term:

'disposal' includes any sale, transfer or assignment of rights to another person or creation of any encumbrance in relation to any generation asset.

'asset' includes any land, equipment or other tangible asset used during the conduct of activities authorized by this Exemption where the asset has a replacement value exceeding two hundred thousand euros (€200,000.00).

10. Amendment to the Exemption

This Exemption may be amended in accordance with the provisions referred to in the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Where the Licensee wishes to amend particulars or conditions of the Exemption,

he/she/it has the obligation to submit for approval to CERA, in a timely manner, a request for the amendment of the Exemption.

11. Transfer of the Exemption

This Exemption may be transferred in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Where the Licensee intends to transfer the Exemption, he/she/it has the obligation to submit for approval to CERA, in a timely manner, a request for the transfer of the Exemption.

12. Construction and Closure of the Station

(1) CERA may revoke this Exemption if the progress of project implementation is delayed by more than three (3) months in relation to the construction schedule.

(2) The Exemption holder has the obligation to submit to CERA every three months, until the completion of the construction works and the start of commercial operation of the station, a progress report on the implementation of the project proposed with the Exemption, which should reflect the percentage of progress of each activity as recorded in the construction schedule.

(3) Where the Exemption holder intends to terminate construction works at the Station, temporarily or permanently, they have the obligation to submit a written request to CERA and obtain CERA's prior written approval. CERA shall not withhold such approval unreasonably.

13. Public Service Obligations

The Licensee has the obligation to fulfill all Public Service Obligations in accordance with the Legislation and Decrees which are in force or will be in force during the period of validity of the Exemption that he/she/it holds and to comply with any Decisions of the Minister which are made in accordance with Articles 111 and 112 of the Law Regulating the Electricity Market of 2021.

14. Fees

The Licensee has the obligation to pay to CERA all the fees as defined in the Exemption Fees Regulations in force.

15. Exemption from the obligation to hold an Operation Exemption

The Exemption holder has the obligation to submit, in a timely manner and before the expiry date of the Construction Exemption, an application for an Operation Exemption in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Upon the date on which the Operation Exemption takes effect, this Construction Exemption shall automatically cease to be valid.

16. Suspension and revocation of the License

This Exemption may be revoked in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

17. Period of validity of the Exemption

This Exemption is valid for years from the date on which it is granted.

18. Extension of the validity of the Exemption

The validity of this Exemption may be extended in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Where the Licensee intends to request an extension of the period of validity of the Exemption he/she/it holds, the licensee has the obligation to submit for approval to CERA, in a timely manner, a request for an extension of the period of validity of the Exemption before its expiry.

Nicosia, Date