

## The Importance of Due Diligence when acquiring RE facility

# 6 essential steps process

### 1. Corporate Structure

Structure-covers the history of the legal entity. From its initial registration to its DD date.

Essential elements are:

- Previous participatory interest transfers
- Charter capital payment
- Consent or notification of the antimonopoly authority

### 2. Power Purchase Agreement (PPA)

Under the RE law, an energy-producing organisation that uses renewable energy sources is entitled to sell its produced electric energy at its discretion using one of the following options:

- To the Financial Settlement Center
- To consumers through signed bilateral agreements in accordance with the power industry regulations of the Republic of Kazakhstan

### 3. Land Plot Permits

Local executive bodies are obliged to reserve the land plots for the construction of RE facility. There are 4 stages in obtaining the permit:

- Land selection;
- Obtaining of a permit from Akimat to use the land plot for design and survey work;
- Design and survey work;
- Obtaining the land plot right.

### 4. Grid Connection Arrangements

Arrangements-provision of grid connection for RE facilities in accordance with RE law. 3 documents are required:

- Power Delivery Scheme;
- Technical conditions;
- Agreement on connection of the RE facilities.

### 5. Finance and Loans

The requirement is to check if company does not have any outstanding debts. By using:

- Bank statements

### 6. Litigation

The legal entity must be examined for any involvement in court proceedings on the date of the report preparation

- The verification takes place in public searches and open data bases.
- Supreme Court database

**\* The list is not exhaustive**

The importance of the Due Diligence is to ensure that there aren't any hurdles when acquiring an asset or closing the deal.