

Incentives to develop renewable energy sources and their special schemes .

BENEFITS OF LAW 57-07 :

1. Exemption from payment of income tax:

With this exemption, the tax payment is released for a period of 10 years from the commencement of its operations and with maximum force until 2020, on the Income Derived from the generation and sale of electricity, hot water, steam, strength driving, Biofuels and synthetic fuels, generated based renewable energy sources.

2. Exemption to 100% of all Import Tax on equipment, machinery and accessories imported by businesses or individuals, necessary for the production of energy from renewable sources.

3. Tax incentive of up to 75 % of cost of investment in equipment, such as one-time credit to income tax, the owners or occupants of family housing, commercial or industrial houses to change or expand renewable systems in providing its private energy consumption.

4. A 5% is reduced of the tax in respect of interest payments on external financing laid down in Article 306 of the Dominican Tax Code, for projects developed under the protection of this law. As to Emoluments, Article 18 of this Act, referring to holders of facilities with power less than or equal to those established in Article 5 of the Act and registered in the Registry definitely Production Facilities Special Regime not be obliged to make offers to the wholesale market for these facilities, but will have the right to sell the production of electric energy distributors market the marginal cost of electricity production, or averaged if complimented by a premium or incentive offset by the positive externalities that the market does not cover or long-term financial security , according to the market situation and determination fossils in marginal costs and average local market.

Cost means the average total costs per unit of energy and power, relating to the investment, operation and maintenance of electrical systems in conditions of efficiency. Marginal cost means the cost incurred to provide an extra unit of output

for a given level of production. The remuneration to the producers (generators) is subject to special arrangements obtained by the transfer of power which will be:

$$R = C_m \pm P_r$$

Where: R = Payment in pesos / kwh , effectively served.

C_m = marginal cost SENI

P_r = premium for each type of renewable source of electricity generation.

The National Energy Commission (CNE) recommends to the Electricity (SIE), a minimum price for each type of renewable energy delivered to the grid or National Interconnected Electric System (SENI). This price will be used to ensure a minimum value to be paid to renewable energy that will keep the right incentives for investment. In the same way authorizing the CNE to recommend to the SIE maximum price for each type of renewable energy. These reference values (minimum and maximum) should be reviewed annually.

The regulations that complement this law for each of the activities of the special production of electricity from renewable energy sources will define premiums in each case are applicable, periodically, targeting the articulation of a stable and enduring regulatory framework that ensures the long-term financial performance of the projects according to international standards for each type, and it also ensures compensation for ecological and economic benefits that the country expects from renewable resources.

Another thing is that Article 20, points out that excess electricity sent to the networks. The Distribution Companies are going to be required: to buy their surpluses at prices regulated by the SIE after the study and recommendation by the CNE, to regulated and unregulated users who install systems to harness renewable resources to produce electricity with the ability to generate surpluses that can be sent to SENI networks.

Economic transactions relating to such sales shall comply with the provisions of Electricity Act, No.125-01 dated July 26, 2001, and its Regulations.