



## **STANDARD LICENCE TO ENGAGE IN THE GENERATION OF ELECTRICITY**

1. This Licence is issued by the Energy Regulation Board (hereinafter referred to as the 'ERB') in the exercise of the powers vested in it by the Energy Regulation Act Cap 436 of the Laws of Zambia (hereinafter referred to as the 'Act').
2. This Licence is issued to ..... **a company incorporated under the Laws of Zambia and having its registered office at .....** (hereinafter referred to as the 'Licensee') to conduct the Licensed Activity of Generating Electricity at the designated generation facilities listed in **Chapter Three and Schedule I** of this Licence, subject to and in accordance with the conditions set out in this Licence.
3. This Licence becomes effective on the ..... day of ..... and remains valid for **Thirty (30)** years unless revoked earlier in accordance with the relevant provisions set forth herein.

**Board Resolution No:**

**Licence Registration No.:**

**Date:**

**Expiry Date:**

.....  
**EXECUTIVE DIRECTOR**  
**ENERGY REGULATION BOARD**

**NB: THIS PAGE OF THE LICENCE OR A CERTIFIED COPY HEREOF MUST BE, DISPLAYED IN A CONSPICUOUS PLACE AT THE LICENSEE'S REGISTERED OFFICE.**



# **CONDITIONS FOR THE GENERATION OF ELECTRICITY**

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# CHAPTER ONE

## COMMON CONDITIONS

### Section 1 – General Provisions

- 1.1 The conditions as set forth below for the carrying out of entrepreneurial activities in the Generation of Electricity are written in accordance with and are subject to the terms and conditions of the Act.
- 1.2 This licence shall not be transferred to a third party without the prior written consent of the ERB.
- 1.3 The licence is subject to modification or amendment in accordance with condition 15. This licence is further subject to revocation as specified in condition 23.
- 1.4 The following definitions are used in these conditions:

**The Act** The Energy Regulation Act, Chapter 436 of the Laws of Zambia.

**Ancillary Services** Services comprising reactive power, regulation and load following, black start, operating reserve, and other such services required to control system stability.

**Ancillary Services Agreement** Methodology for procuring and paying for system balancing services, including but not limited to regulation and load following and operating reserves as approved by the ERB.

**Annual System Opportunity Statement** A written annual submission providing peak demand forecasts, characteristics of the existing licensed electrical system and its forecast performance and other information identifying needs for further system augmentation.

**Asset** Assets directly related and essential to the licenced activities

**Associated Business** Any entity which:

1. is directly or indirectly owned, in whole or in part, by the Licensee;
2. is the holding company of the Licensee;
3. is owned in whole or in part directly or indirectly by the holding company that owns in whole or in part the Licensee; or

4. is owned in whole or in part, directly or indirectly, by a company owned by the Licensee.

<b>Authorised Electricity Operator</b>	Any entity authorised by licence to generate, transmit, distribute or supply electricity, including any entity which has made an application to be so authorised, or any entity otherwise exempt under the Act from the requirement to be so licensed.
<b>Central Dispatch</b>	The process of scheduling and issuing direct instructions by the System Operator under its licence conditions.
<b>Common Carrier</b>	An electricity transmission or distribution line designated by the Minister by statutory instrument.
<b>Companies Act</b>	Chapter 388 of the Laws of Zambia or its re-enactment.
<b>Consumer</b>	Any person to whom electricity is supplied under a supply contract and includes a person who has applied for the supply of electricity but has not yet entered into a Contract of Supply.
<b>Customer</b>	Any consumer or applicant for electricity service.
<b>Cross Subsidy</b>	A transfer of revenue from a licensed activity to unlicensed activities within the same company or among associated businesses in order to provide financial support to one activity or business at the expense of another.
<b>Dispatch Control</b>	The process of controlling generation, transmission and distribution activities to provide reliable operation of the electricity supply system.
<b>Distribution Network Connection Agreement</b>	A commercial agreement governing the terms and conditions of the connection between a distribution licensee and any entity connected to its distribution system other than a transmission licensee.
<b>Distribution System</b>	A portion of an electricity network which delivers electric energy from transformation points on the transmission network or bulk power system to customers at voltages whose upper limit is 66 KV.
<b>Distribution Use-of-</b>	A commercial agreement between a distribution

<b>System Agreement</b>	licensee and a generation or supply licensee governing the commercial terms related to distribution network tariffs in accordance with the Grid Code, open access rules or other rules as approved by the ERB.
<b>Effective Date</b>	The date on which this Licence comes into effect.
<b>Electricity Act</b>	Chapter 433 of the Laws of Zambia or its re-enactment.
<b>The ERB</b>	The Energy Regulation Board created by the Act.
<b>Entity</b>	Any company or association or body or persons, incorporated or unincorporated, public or private.
<b>Export Market</b>	Supply of electricity to buyers outside the Republic of Zambia.
<b>Generating Block</b>	A set of generating units which are part of a generating station and housed separately.
<b>Generating Station</b>	Any generating block(s) having a specified declared installed capacity which is connected to a transmission or distribution system.
<b>Grid Code</b>	Means a set of rules and responsibilities developed and approved by the ERB for the development, maintenance and operation of an efficient co-ordinated and economical system for the transmission of electricity, and to promote the security and efficiency of the power system as a whole.
<b>Installed Capacity</b>	The maximum aggregate capacity of an electricity generating, transmission or distribution plant.
<b>Investment Endorsement Procedure</b>	A set of rules prescribed by the ERB to establish the terms and conditions under which the costs of investment in new or increased capacity may be included in a licensee's tariff framework.
<b>Power Quality and Reliability</b>	Technical parameters to describe the electricity supplied to consumers, and that are used to determine the extent to which the needs of consumers are met in the utilization of electricity.
<b>Licence</b>	A licence issued and as may be amended by the ERB from time to time in accordance with the Act.

<b>Licensee</b>	The holder of this licence issued by the ERB.
<b>Licensed Activity</b>	The activity authorised by the ERB to be undertaken by the licensee.
<b>Licensed Territory</b>	Such geographic areas of Zambia within which a licensee is restricted to operate, as described in <a href="#">Section 1 of Chapter Three and Schedule I of its licence</a> .
<b>Local Electricity System</b>	An electricity network connected to a generation station, but not to the transmission system, which is owned or operated by a licensee that distributes the electricity of an electricity supplier to customers.
<b>Other Charges</b>	All prices, fees, rates, charges, surcharges, levies, fines, penalties, deposits, connection charge or fee, use of system charge, or any other charge made for the provision of any service, commodity or product that a licensee renders in the course of carrying out its licensed activity.
<b>Southern African Power Pool</b>	The common “energy pool” for purchase and sale of electrical energy among countries within the region comprising the signatories to the Southern African Power Pool Agreements.
<b>Southern African Power Pool Agreements</b>	Agreements among co-operating electricity operators within the region in respect of the mutual rights and obligations relating to the generation, transmission, distribution and supply of electricity among the signatories to such agreements.
<b>Scheduling and Dispatch</b>	Any or all of the activities related to dispatch and/or the pre-dispatch scheduling process and/or the real-time scheduling process to be defined in the Market Code.
<b>Subsidiary Legislation</b>	All regulations issued pursuant to the Act.
<b>System Operator</b>	An entity that holds a licence granted by the ERB for the operation of the transmission system.
<b>Transmission System</b>	A network of electric power lines and associated

equipment used for conveying electric energy in bulk between generating stations and voltage transformation stations at voltages as prescribed according to Power Quality Standard ZS 387.

**Transmission Use-of-System and Connection Agreement**

A commercial agreement between a transmission licensee and another authorized electricity operator which governs the commercial terms related to transmission network tariffs and which should be in accordance with the Grid Code and other rules as approved by the ERB.

**Transmission Service Agreement**

An agreement between a transmission licensee and a supply licensee governing the commercial terms related to the provision of transmission service.

**Wholesale Electricity Market**

Supply of bulk electricity for reselling by authorized electricity operators.

## **Section 2 - Interpretation**

- 2.1 Unless the context requires otherwise, a reference made in this Licence to any law, regulation, proclamation or other document includes all laws, regulations, proclamations and other documents varying, consolidating, re-enacting, extending, or replacing them.
- 2.2 Unless the context requires otherwise, any reference made in this Licence to an entity which ceases to exist or whose functions are transferred to another entity includes a reference to the body which replaces or substantially succeeds its functions, powers or duties.
- 2.3 Unless the context or intent requires otherwise, all the terms defined in the Act shall have the same meaning when used in this Licence.
- 2.4 A term in this Licence which uses the singular may be read to include the plural and vice versa, and a term which imports gender may be read to include both the masculine and feminine.
- 2.5 In this Licence, headings are for reference purposes only and shall not affect the construction or interpretation of this Licence.
- 2.6 Nothing in this Licence shall be interpreted so as to relieve, supersede, or otherwise replace any obligations the Licensee may have under any other law. Such requirements as set out in this Licence are in addition to such other legal obligations.
- 2.7 This Licence supersedes any licence previously issued to the Licensee by the ERB.



### **Section 3 - General Obligations of the Licensee**

3.1 The Licensee shall:

- (a) Comply with the conditions of this Licence and the requirements of its Licensed Activity in accordance with the Act and the Electricity Act;
- (b) Maintain adequate financial, technical and managerial resources and capabilities to allow the Licensee to carry out its Licensed Activity in accordance with the various codes, rules, service standards, and other documents referred to in this Licence;
- (c) Comply with all relevant Zambian laws and regulations including but not limited to those related to the prohibition of monopolistic or unfair business or competitive practices, occupational health and safety, electrical safety, and environmental standards and requirements;
- (d) Comply with all standards approved by the Zambian Bureau of Standards related to the provision of electricity service;
- (e) Comply with the Grid Code and other regulations, all procedures, rules, codes and standards prescribed or approved by the ERB in accordance with the ERB's statutory duty to monitor the efficiency and performance of licensees;
- (f) Comply with any order, directive, notice to appear, breach notice or any other direction issued by the ERB to the Licensee.
- (g) Comply with all procedures prescribed or approved by the ERB from time to time and obtain all approvals required under those procedures or by the conditions of this Licence.

### **Section 4 - Request for Relief**

4.1 If the Licensee identifies any requirement within any of the obligations referred to in Section 3.1 (e) which might otherwise be applicable to the Licensee in accordance with the conditions of this Licence, but which in the opinion of the Licensee is either inappropriate or inapplicable, the Licensee may apply to the ERB and present sufficient justification for relief from such requirement. Unless and until the ERB grants terms for such specific relief, all such regulations, rules, codes and standards as established shall apply in full.

### **Section 5 - Notice of other Business Activities**

5.1 The Licensee shall ensure that none of the other business activities it engages in, or that its associated businesses engage in, will operate in such a manner or commit to any liability that may materially affect the ability of the Licensee to maintain adequate financial, technical, and managerial resources and capabilities necessary to carry out its Licensed Activity in accordance with the Act, the Electricity Act and the conditions of this Licence.

- 5.2 The Licensee shall notify the ERB if the Licensee or its associated businesses enter into new business activities or change the scope of their existing business activities that are not already licensed by the ERB. The Licensee shall also provide sufficient information to assure the ERB that these new or changed business activities do not have potential to:
- (a) Materially compromise the financial integrity of the Licensee;
  - (b) Impose materially adverse burdens on the relevant technical capabilities of the Licensee.
- 5.3 If the ERB finds that such new or changed business activities do not meet the criteria referred to in this Section the ERB may require the Licensee to take such actions as are necessary to prevent adverse effects on customers.
- 5.4 The Licensee shall not provide any cross-subsidies from its Licensed Activities to its other business activities or to its associated businesses.

### **Section 6 - Expansion of licensed activity**

- 6.1 The Licensee shall provide to the ERB on a half yearly basis, its load forecasts and plans for the expansion of its systems and services.
- 6.2 The Licensee shall meet its obligations under the Electricity Act by making prudent investments in the efficient development of its systems to meet the demand of its customers for secure and reliable supplies of electricity.
- 6.3 The Licensee shall comply with all relevant investment endorsement procedures prescribed or approved by the ERB related to the expansion of a licensee's existing licensed activity, including the material increase in its installed capacity, and for a licensee's participation with other entities in the development or construction of new capacity.

### **Section 7 - Separate Accounts for Separate Businesses**

- 7.1 The Licensee shall keep or cause to be kept accounting records prepared in accordance with internationally acceptable accounting standards and in compliance with such accounting policies, procedures and requirements as may be specified by the ERB;
- 7.2 The Licensee shall maintain accounting and reporting systems and procedures that enable separate financial statements to be prepared for and accurately show the financial performance of:
- (a) The Licensed Activity as if it were a separate entity;
  - (b) Any other Licensed Activity or Activities conducted by the Licensee,
  - (c) Any line of business or activity other than the Licensee's Licensed Activities; and
  - (c) The aggregated corporate business of the Licensee.
- 7.3 The Licensee shall:

- (a) Obtain annual, or as otherwise specified by the ERB, opinions prepared by independent auditors that the financial statements prepared by the Licensee give a fair and true view of the revenues, costs, assets, liabilities and other relevant data of the Licensed Activity;
  - (b) Deliver to the ERB a copy of the accounting statements required to be prepared under this Section together with the reports of the independent auditors as soon as reasonably practical, but in any event within six (6) months following the end of the period to which they relate.
- 7.4 In the event that the Licensee has changed the basis by which revenues, costs, or other values are charged, apportioned or presented for a particular Fiscal Year, the Licensee shall, in addition to preparing the accounting statements identified in this Section, also prepare such accounting statements reflecting the changed accounting principles for the immediately preceding Fiscal Year.

### **Section 8 - Competitive Practices**

- 8.1 The Licensee shall not engage in any form of "anti-competitive trade practices" as defined in the Competition and Consumer Protection Act No.24 of 2010.
- 8.2 The Licensee shall not:
- (a) Enter into any agreement or arrangement for the supply of goods or services or otherwise deal with any of its associated businesses except where the Licensee can demonstrate that the transaction has been at arm's length;
  - (b) Unduly discriminate in favour of its associated businesses.
- 8.3 The Licensee shall not give cross subsidies to associate businesses at the expense of the Licensed Activity or to receive cross subsidies from associate businesses for the Licensed Activity. This condition shall not apply in the case of subsidies provided by the government to the Licensed Activity as a result of Government Policy.
- 8.4 The Licensee shall ensure that any associated business does not use any information in the Licensee's possession to gain a competitive advantage, and shall ensure that it does not disclose any information to any other entity (including those of another associated business) that could enable that entity to obtain any kind of commercial advantage.
- 8.5 Except as set forth in this condition, the Licensee shall not provide or offer to provide any privileges or services to any customer or authorised electricity operator on terms which are materially more or less favourable than those on which the Licensee provides or offers to provide to any other comparable customer or authorised electricity operator.

Due regard shall be taken of the circumstances of such customers or authorized electricity operators including the capacity, load factors,

conditions of service interruption, location of their consumption and date and duration of any relevant contracts or agreements.

### **Section 9 - Purchase of Goods and Services**

- 9.1 The Licensee shall, in the conduct of the Licensed Activity, lease or purchase such goods and services as may be required upon the most economically advantageous terms having regard to all relevant business criteria including but not limited to price, performance, reliability, quality, and delivery.
- 9.2 The condition set out in Section 9.1 shall not apply to the lease or purchase of any goods or services for which the terms and conditions of the lease or purchase would otherwise be in conflict with the conditions of this Licence, the Grid Code, or any rules, standards, or procedures approved by the ERB.

### **Section 10 - Risk Management and Insurance**

- 10.1 The Licensee shall adopt reasonable and prudent risk management policies, including self-insurance when appropriate, relative to risks associated with the Licensed Activity and shall procure adequate insurance policies on plant and equipment sufficient to protect consumers from any major eventuality on the system.

### **Section 11 - Transferability of Licence**

- 11.1 This Licence shall not be transferable without prior consent of the ERB.

### **Section 12 – Change of Ownership**

- 12.1 The Licensee is obliged to inform the ERB within 14 days of the following changes in the ownership:
- (a) Any changes in the ownership exceeding 5% of the issued share capital; and
  - (b) Any increase in issued share capital exceeding 5%, unless the Licensee is listed on the Lusaka Stock Exchange.

### **Section 13 - Disposal of Assets**

- 13.1 The Licensee shall give to the ERB not less than 2 months' prior written notice of any intention to sell, dispose of, or relinquish operational control over any asset, whose gross book value either exceeds or represents more than 5% of the total value of assets held by the Licensee. The Licensee shall also provide such further information as the ERB may request relating to such asset or the circumstances of such intended disposal or the intentions of the entity proposing to acquire such asset or operational control of such asset.

## **Section 14 – Licence Fees**

- 14.1 The Licensee shall pay to the ERB such licence fees in accordance with the Act and in such manner as shall be determined by the ERB from time to time.

## **Section 15 - Licence Amendment**

- 15.1 This Licence may be amended by the ERB:
- (a) Upon promulgation of changes in the laws of Zambia;
  - (b) In fulfilment of a decision of any court of competent jurisdiction;
  - (c) In line with the provisions of the Act; and
  - (d) In line with Government Policy.
- 15.2 This Licence may also be amended by the ERB upon request by the Licensee, having shown reasonable cause.

## **Section 16 – Licence Renewal**

- 16.1 If the Licensee intends to renew this Licence, it shall apply to the ERB in writing in the format prescribed by the ERB at least six (6) months before the expiration of the Licence.
- 16.2 Upon application by the Licensee in the manner set forth herein, this Licence may be renewed for such further period either on similar terms and conditions including this condition for renewal or on such terms and conditions as the ERB may determine in accordance with the Act.
- 16.3 The ERB may accept or reject the application for renewal based on the Licensee’s prior performance, record of compliance with licence conditions and other criteria for renewal in accordance with the ERB’s licensing procedures.
- 16.4 If no written application for renewal as stipulated in clause 16.1 is received at least six (6) months prior to the expiration of this Licence, it shall be deemed that the Licensee does not intend to renew this Licence.

## **Section 17 - Licence Validity**

- 17.1 This Licence shall be valid for thirty (30) years unless revoked earlier in accordance with the relevant provisions set forth herein.

## **Section 18 - Provision of Information to the ERB**

- 18.1 The Licensee shall furnish to the ERB, in such manner and at such times as the ERB may require, any information and reports as the ERB may

reasonably consider necessary for the purpose of performing its functions, including the monitoring of the Licensee's compliance with the conditions of this Licence in accordance with the Act.

- 18.2 The Licensee shall submit its statutory Annual Report to the ERB no later than three (3) months following the end of the Licensee's financial year. The Licensee shall also provide at the same time such additional information, in a format specified by the ERB, about the technical, operational, customer service, administrative and financial aspects of the Licensed Activity and corporate governance practices of the Licensee.
- 18.3 When and as requested by the ERB, the Licensee shall provide accounting information in agreed formats that may be more extensive than or different from that required under the Companies Act.
- 18.4 Notwithstanding the above clauses, the Licensee shall not be compelled to provide information in a manner which would place it in violation of a legitimate order from a court of competent jurisdiction.
- 18.5 The Licensee shall report on any circumstances which result, or are likely to result, in a change of information previously provided to the ERB.
- 18.6 The Licensee shall notify the ERB within 14 days of any change in:
  - (a) The Registered Office of the Licensee;
  - (b) Facilities owned or operated by the Licensee;
  - (c) Statutory documents subject to registration /incorporation or re-registration /re-incorporation with the Registrar of Companies or any other relevant Zambian government agency, as the case may be.

## **Section 19 - Provision of Contracts and Agreements to the ERB**

- 19.1 The Licensee shall provide for the ERB's prior review of all contracts and agreements:
  - (a) With other licensees or with retail or wholesale customers;
  - (b) For the import or export of power or energy;
  - (c) For the transmission or the purchase or sale of bulk power or energy, including any and all contracts or agreements for the purchase or sale of electricity being entered into for the purposes of enabling or securing financing for new or expanded capacity.
- 19.2 Any such contracts or agreements concluded without the ERB's prior approval of their pricing provisions shall be considered null and void for the purposes of the ERB's determination of tariffs.
- 19.3 The ERB has the right to retain copies of such contracts and agreements.

## **Section 20 - Compliance Monitoring**

- 20.1 The Licensee shall designate a regulatory compliance officer to establish and operate a system to ensure compliance with the conditions of this Licence.

## **Section 21 - Licence Enforcement**

- 21.1 The Licensee acknowledges that the ERB will enforce the conditions of this Licence and impose appropriate penalties and/ or sanctions or remedies available under Section 15 of the Act and Section 10 of the Electricity Act or any amendment or modification thereof and any other law for violation of licence conditions in accordance with ERB's licensing procedures.

## **Section 22 - Licence Suspension**

- 22.1 The ERB may suspend this Licence in accordance with the Act and the ERB's licensing procedures after delivering reasonable notice in writing to the Licensee:
- (a) If the Licensee fails to abide by the terms of a Breach Notice issued by the ERB in accordance with its licensing procedures;
  - (b) If the Licensee fails to pay a fine levied upon it by the ERB.
- 22.2 In exercise of the powers vested in it under Section 10 of the Electricity Act or any amendment or modification thereof, the ERB may appoint and authorise any other licensee or qualified entity to carry out the activities previously carried out by the Licensee whose licence has been suspended.

## **Section 23 - Licence Revocation**

- 23.1 The ERB may revoke this Licence in accordance with the Act and the ERB's licensing procedures after delivering reasonable notice in writing to the Licensee:
- (a) If, following the end of a suspension period, the Licensee has failed to address the cause of the suspension;
  - (b) If the Licensee repeatedly abuses the conditions of this Licence or repeatedly demonstrates technical, managerial or financial incompetence affecting the security or financial viability of its operations, the security of supply, the safety of consumers, or the operations or financial viability of other licensees.
  - (c) If the Licensee has not commenced to carry out the Licensed Activity within a period of three (3) years from the date of issue of this Licence.

- 23.2 Where the protection of the public interest requires, the ERB may appoint another licensee or qualified entity to carry out the activities previously carried out by the Licensee whose licence was revoked.
- 23.3 For the purposes of Section 13 (1) (b) of the Act or any amendment or modification thereof, but without limiting the ERB's authority to suspend or revoke this Licence for the single or repeated breach of any condition of this Licence, contravention of any of the following conditions may result in the revocation or suspension of this Licence either in whole or in relation to a specific facility:
- (a) If the Licensee changes tariffs or any other charges without the prior approval of the ERB;
  - (b) If the Licensee enters into any contracts or agreements specified in Section 18 of this Licence without the prior approval of the ERB;
  - (c) If the Licensee lessens supply to or withholds service from its customers except as may be provided for under the terms of a supply agreement or restricts access to its facilities by other licensees in violation of the Grid Code and open access rules;
  - (d) If the Licensee fails to comply with the ERB's procedures for determining tariffs in such a manner that causes or may be likely to cause a material adverse impact on customers.

## **Section 24 - Operational and Compliance Audits**

- 24.1 The Licensee shall undertake audits of its operations and its compliance with the conditions of this Licence, as well as the Grid Code and other regulations, rules, codes and standards prescribed or approved by the ERB.
- 24.2 With reference to Section 24.1 above, compliance audits shall be conducted at least annually by the Licensee, and at least once every three (3) years by an independent auditor or other expert appointed by the Licensee.
- 24.3 The resulting reports on the operational and compliance audits shall be made available to the ERB immediately upon completion of the audits.
- 24.4 Nothing in this Section precludes the ERB from conducting its own compliance, operational or other auditing or monitoring activities.

## **Section 25 - Access to Premises**

- 25.1 The ERB and its authorised agents shall have the right of access to inspect the Licensee's premises, equipment and documents, and the Licensee shall render necessary assistance in the course of inspection of the Licensed Activity in accordance with the provisions of the Act or any other rules as may be prescribed by the ERB.
- 25.2 Upon the complaint of any third party or upon its own motion, the ERB may initiate an investigation of the Licensee's business practices with respect to the Licensed Activity.



## **Section 26 - Tariffs**

- 26.1 Whenever the Licensee wishes to change tariffs or any other charges, the Licensee shall apply to the ERB for approval of such a change in accordance with procedures and rules prescribed by the ERB.
- 26.2 In its application referred to in Section 26.1, the Licensee shall submit to the ERB the proposed method of calculating its proposed tariffs and other charges, and it shall provide to the ERB any other information as the ERB may require in its consideration of the Licensee's application in the format as may be specified by the ERB.
- 26.3 The Licensee shall not change tariffs or any other charges for any commodity or product or service to be provided or penalty imposed in the course of the Licensed Activity without the prior approval of the ERB.

## **Section 27 - Tariff Disclosure**

- 27.1 The Licensee shall submit to the ERB and shall print and keep on conspicuous display for public inspection schedules showing all tariffs and other charges and consumer classifications which are in force at any time for any service, product or commodity provided or to be provided by the Licensee.

## **Section 28 - Service of Documents, Notices, etc**

- 28.1 Any notice, document, data or assembled information required to be submitted to the ERB by or under the conditions of this Licence shall be provided in writing and delivered to the Office of the Executive Director of the ERB. Such notice, documents, data or assembled information may be transmitted by the date due by facsimile or other electronic transmission, as may advised to be acceptable by the ERB, with the physical form delivered to the ERB as soon as is reasonably practical.

## **Section 29 - Health and Safety**

- 29.1 The Licensee shall establish and maintain appropriate systems in accordance with prescribed safety regulations and standards to ensure the safety of the public from personal injury or damage to property during the course of performing the Licensed Activity.
- 29.2 The Licensee shall report accidents in accordance with Section 28 of the Electricity Act and any prescribed regulations. Accidents of a serious nature (such as loss of life or serious personal injury) shall be immediately reported to the ERB, and a comprehensive written report shall be submitted thereafter to the ERB within 7 days of the occurrence.

## **Section 30 - Severance**

- 12.1 Should any provision of the conditions of this Licence cease to be effective, that provision shall be deleted from the conditions and the remaining provisions shall continue in full force and effect.

## **CHAPTER TWO**

### **SPECIFIC CONDITIONS OF THE GENERATION LICENCE**

#### **Section 1 - Scope of the Licensed Activity**

- 1.1 The Licensee shall operate generation and related facilities in accordance with the Act in compliance with applicable regulations, codes, and standards prescribed or approved by the ERB or other Government Agencies from time to time.
- 1.2 Except for causes beyond the control of the Licensee, the Licensee shall not lessen or discontinue the supply of electricity to any consumer except as may be provided for in the supply contract and unless the consumer has failed to pay charges lawfully due or has otherwise failed to comply with the conditions of supply in the supply contract.
- 1.3 In case the Licensee increases the installed capacity of its existing generating plants, it shall notify the ERB and request an amendment to Schedule I of this Licence.
- 1.4 The Licensee shall consult with the ERB and other relevant Government Agencies with respect to the location and construction of common carriers, facilities, plant or installations to be used for the purposes of the Licensed Activity.
- 1.5 The Licensee shall carry out construction and maintenance works in accordance with **the Electricity Act**.

#### **Section 2 - Obligations for Central Dispatch**

- 2.1 At such time and in such manner as may be required by the System Operator, the Licensee shall provide the System Operator with the information it requires, in accordance with the Grid Code, to operate the Transmission System in a manner that ensures quality and reliable electricity to consumers, including information about the following;
  - (a) The state of availability of each generating block in the Licensee's generating stations; and
  - (b) The current operating capacity and likely output of each generating block.
- 2.2 The Licensee shall submit balanced generating and load schedules to the System Operator to ensure a complete dispatch schedule for the Licensee's generation in accordance with the Grid Code. The Licensee shall:
  - (a) In this notification, specify the particular generating stations which will produce electricity to allow the System Operator to schedule and

dispatch electricity to be generated for delivery either to the appropriate point of entry to a transmission system or a distribution system or to the Licensee's customers; and

- (b) Dispatch its generation as instructed by the System Operator and in accordance with the Grid Code unless prevented from doing so by circumstances beyond its control.
- 2.3 The Licensee shall provide to the System Operator all technical documents and submit reports and information that may be needed for dispatch purposes as specified in the Grid Code.
- 2.4 The Licensee shall carry out all dispatch control orders, instructions and directives of the System Operator, including for the provision of ancillary services in accordance with the Grid Code.
- 2.5 The Licensee shall perform the work of dispatch control related to all consumers connected to a Local Electricity System as may be required by the ERB or as provided for in agreements for electricity distribution and supply.
- 2.6 The Licensee shall report to the ERB all incidents that materially affect the quality or availability of supply within 24 hours of occurrence and submit to the ERB a written outage report within 7 days highlighting such factors as cause, response time and effectiveness of corrective measures.
- 2.7 The Licensee shall within 21 days of the end of each month submit to the ERB a monthly operating statement in accordance with a template provided or approved by the ERB indicating the performance of the generating station(s) during the previous month. Such a statement should include, but is not limited to, any outages, operating constraints, and any corrective measures taken, availability, peak load, units generated, amount of fuel/water used, power factors, comparisons of planned system performance against actual.

### **Section 3 - Withdrawal of Generating Capacity**

- 3.1 The Licensee shall provide to the ERB an annual plan of scheduled outages at the beginning of Licensee's financial year.
- 3.2 The licensee shall provide 24 months' notice of the intent to withdraw or reduce installed generation capacity. The Licensee shall provide the ERB with technical or economic justification of and the schedule for withdrawing or reducing such installed generation capacity. The installed generation capacity may only be withdrawn or reduced in accordance with a schedule approved by the ERB.

- 3.3 The Licensee shall notify the ERB of planned outages resulting from foreseen operating conditions other than those envisaged under 3.1, which may affect the availability of generation capacity.

#### **Section 4 - Obligation to Enter into Sales Contracts & Agreements**

- 4.1 The Licensee shall enter into electricity sales contracts in accordance with the Grid Code. All electricity sales contracts, including those for the export market, shall be approved by the ERB.
- 4.2 The price at which generated electricity may be sold shall be determined in accordance with procedures prescribed by the ERB, and actual tariffs shall be subject to prior approval by the ERB.
- 4.3 The Licensee shall comply with its obligations under its electricity sales contracts and shall, upon request, provide full information relating to its contractual obligations to the ERB.
- 4.4 The Licensee shall enter into an ancillary service agreement with the System Operator in accordance with the Grid Code.
- 4.5 The Licensee shall, if necessary, enter into a distribution use-of-system and connection charging agreement with the Distribution Licensee.

#### **Section 5 - Metering**

- 5.1 The Licensee shall install, maintain, and verify the accuracy of meter installations at all points of input into the electricity transmission or distribution network. Meter verification shall be undertaken in accordance with the Grid Code.
- 5.2 The electrical energy delivered into the transmission or distribution network during a period when the meter is not functioning properly shall be calculated in accordance with the rules specified in the Grid Code.
- 5.3 The Licensee shall, in respect of each meter installation referred to above, comply with all the relevant requirements of the Grid Code and any other relevant codes, rules and standards established or approved by the ERB.
- 5.4 The Licensee shall, in respect of each meter installation referred to above, provide to other Licensees all relevant information required to settle bilateral contractual agreements.

#### **Section 6 – Power Quality Monitoring and Reporting**

- 6.1 The licensee shall establish a Power Quality Management System (PQMS) that shall ensure that appropriate power quality information is made available through measurement, data management and statistical analysis and such power quality reports shall be submitted to the ERB quarterly and annually.

- 6.2 In accordance with 6.1 above, the licensee shall therefore install power quality recorders at sufficient locations in their electrical network to adequately characterise and report the power quality performance of the system as prescribed by ZS 387, Electricity Supply - Power Quality and Reliability – Code of Practice.
- 6.3 The licensee shall comply with all Power Quality Directives (PQD) issued by the ERB.

## **Section 7 – Integrated Long-Term System Planning**

- 7.1 The Licensee shall be obligated to perform long term planning for the development of the integrated generation and transmission system. Such plans, in the form of an Annual System Opportunity Statement as prescribed by the ERB, shall be developed in accordance with the Grid Code and any other relevant codes, rules and standards prescribed or approved by the ERB. Such plans should be of assistance to potential power system developers and authorised electricity operators in identifying areas for system development and augmentation.
- 7.2 The Licensee shall produce such plans on a half yearly basis. The plans shall be reviewed by the ERB and published for comments from other Licensees and interested parties. Final plans shall be made publicly available.
- 7.3 The forward time horizon for such plans shall be no less than 15 years.

## CHAPTER THREE

### CONDITIONS SPECIFIC TO [LICENSEE NAME]'S GENERATION LICENCE

#### Section 1 – Licensee's Generation Facilities

- 1.1 The Licensee's individual generation facilities shall be as specified in Schedule I.

#### Section 2 – Other Conditions Specific to [Licensee Name]'s Generation Licence

- 2.1 Prior to entering into any financing, joint development, joint venture or other such agreements related thereto, the Licensee shall report to the ERB for review in accordance with the ERB's Licensing procedures:
- 2.1.1 Planned changes to the capacity of the Licensee's existing generation facilities, and
  - 2.1.2 The planned acquisition of new generation capacity by the Licensee, as either direct or participating owner or principal purchaser of the output thereof.
- 2.2 The Licensee shall comply with any agreed Key Performance Indicators (KPIs) related to licensed activity that may be specified from time to time in a performance monitoring framework approved by the ERB.
- 2.3 The Licensee shall within three (03) months of the end of its financial year complete and submit to the ERB the Corporate Governance Questionnaire in Schedule II.

2.4 .....

2.5 .....

## SCHEDULE I

### DETAILS FOR THE POWER STATION OWNED OR OPERATED BY THE LICENSEE

1. **NAME:**
2. **TYPE** (Hydro, Diesel, Thermal, etc):
3. **FUEL:**
4. **LOCATION:**
5. **CAPACITY**
  - A. Total Installed Capacity:
  - B. Present Rated Capacity:
  - C. Reservoir/Fuel Storage Capacity (Litres):

#### 6. GENERATOR DETAILS

No	Type/Make	Installed Capacity (MW)	Present Ratings (MW)	Year Commissioned

#### 7. TURBINE DETAILS

No	Type/Make	Installed Capacity (MW)	Present Ratings (MW)	Year Commissioned



**8. TRANSFORMER DETAILS**

No	Ratio	Present Ratings (MVA)	Year Commissioned

**9. OVERHEAD LINE DATA**

Name	Conductor Type	Length	Tower Type	Rating (MVA)	Voltage Level (KV)

**10. AUXILLARY EQUIPMENT**

NAME/MAKE	NOMINAL VOLTAGE (KV)	RATING (KW/MVA)	YEAR COMMISSIONED

- 11. FLOW CHART (to be attached)**
- 12. ELECTRICAL DRAWING (to be attached)**
- 13. DETAILED GEOGRAPHICAL LOCATION (to be attached)**

## **SCHEDULE II**

### **QUESTIONNAIRE ON CORPORATE GOVERNANCE PRACTICES AND AUDIT-RELATED PRACTICES**

- 1 The Board of Directors is composed of how many members?
- 2 How many Board Members are employees of the Company and how many are not employees of the Company?
- 3 Provide summaries of the persons who were Board Members during the period in respect of which you are reporting.
- 4 What is the average tenure of the current Board Members?
- 5 Does the Board have a formal performance evaluation appraisal System?
  - a. If so explain how it is implemented and whether the Board Chairperson, each Member and each Board Committee's performance was evaluated during the period under review.
  - b. If not explain why, and indicate when such formal performance evaluation system will be implemented.
- 6 Are Board Members, Company senior managers, staff or employees prohibited from doing business with the Company?
  - a. If Board Members, Company Senior Managers , staff or employees are allowed to do business with the company explain why this is so and what measures are being taken to stop the practice.
  - b. Are Board Members, Company Senior Manager, Staff or employees required to report business activities conducted with the Company by themselves or their relatives?
  - c. What is the Company policy on disclosing related party transactions, and in what document are these transactions recorded?
  - d. Does the Company maintain a Register of Board Members and Senior Managers' interests?

- 7 Does the Company have a conflict of Interest Policy, Code of Conduct/ Ethics Policy which applies to Board Members, Senior Management, Staff and Employees of the Company?
- a. If so provide copies, if not explain when such policies will be introduced?
- 8 Does the Board have Committees? If so provide the list of committees, their Terms of Reference and composition.
- a. Were the Committees composed solely of Board Members.
- b. or were there any out siders incorporated into such Committees, if so provide the details of such out-siders and the Committees on which they served.
- 9 If the Board has an Audit Committee, or a Committee responsible for financial and risk oversight, did such a committee:-
- a. recommend approval of the Company Budget to the Board?
- b. recommend adoption and approval of audited financial statements.
- c. privately meet with external auditors (without Management)?
- 10 Who is responsible for appointing external auditors?
- 11 Who are the Company's External Auditors and for how long have they been performing this external audit function for the Company?
- 12 Has the Company received any qualified opinion on its financial statements from the external auditors? If so provide a copy.
- 13 Did the Board set and agree any performance targets with the Chief Executive Officer (CEO)?
- (a) If so, was the CEO's performance evaluated against the set targets, and by whom?
- (b) If no performance targets were set for the CEO, explain why not and indicate when performance targets will be set for the CEO.

**NB: THE RESPONSES TO THE ABOVE QUESTIONS AND EXPLANATIONS SHOULD BE SIGNED CERTIFIED AS TRUE AND CORRECT BY THE CHIEF EXECUTIVE OFFICER AND CHAIRPERSON OF THE BOARD**