



مكتب التنظيم و الرقابة
Regulation & Supervision Bureau

Consent for the Abu Dhabi Water and Electricity Company to Procure and Sell Electricity and Water Outside the Emirate of Abu Dhabi with Oman Power and Water Procurement Company

Consent

1 May 2016

ED/L03/122

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water, wastewater and electricity sector of the Emirate of Abu Dhabi

Document	Approved by	Recipients of controlled
ED/L03/122	Director General	1- ADWEC 2- Bureau Controlled Documents

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Legal	ED/L03/122		1 May 2016	Director General

Abu Dhabi Water and Electricity Company

PO Box 51111

Abu Dhabi

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1. Introduction

1.1 ADWEC has applied to the Bureau for Consent (pursuant to Condition 2, paragraph 2 of the Licence) to enter into Commercial Arrangements with Oman Power and Water Procurement Company SAOC (OPWP) to procure, sell and/or exchange electricity outside the Emirate of Abu Dhabi Pursuant to a series of formal written correspondence with AADC and the historical analysis of AADC's past compliance with the LSI requirement, the Bureau is comfortable to relax the LSI limits as given in this Consent.

2. Definitions

2.1 Terms used in this Consent shall (unless defined herein or the context otherwise requires) have the same meaning as ascribed to them in Law No (2) or the Licence.

“**ADWEA**” means the Abu Dhabi Water and Electricity Authority.

“**ADWEC**” means the Abu Dhabi Water and Electricity Company.

“**Bureau**” means the Regulation and Supervision Bureau for the Water, Wastewater and Electricity Sector in the Emirate of Abu Dhabi as established under Law No (2).

“**Commercial Arrangement**” means any form of bi-lateral agreement entered into between ADWEC and OPWP to procure and sell electricity outside the Emirate of Abu Dhabi (including one providing for an in-kind exchange of electricity), including the power sales and purchase agreement dated 5 July 2011 (as amended).

“**Consent**” means this means this consent granted by the Bureau to ADWEC to allow it to enter into Commercial Arrangements with OPWP, including any amendments made from time to time.

“**Electricity Transmission Code**” means the transmission code of that name which provides the operating standards for all electricity transmission assets in the Emirate of

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Abu Dhabi required to be prepared by TRANSCO and approved by the Bureau, as from time to time revised with the approval of the Bureau.

“**Law No (2)**” means Law No (2) of 1998, Concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi, as amended.

“**Licence**” means the power and water procurement licence number ED/L01/006, Issue 1, Revision 4 dated 1 January 2010 granted by the Bureau to ADWEC, as amended from time to time.

“**Licensed Activities**” means the activities permitted to be carried out by ADWEC pursuant to the terms of the Licence.

“**Licensed Operator**” means the holder of a licence issued pursuant to Law No (2).

“**OPWP**” means the Oman Power and Water Procurement Company, the single buyer of power and water for the Sultanate of Oman.

“**Person**” means any person, company, body corporate, establishment, partnership or other entity having an independent legal personality.

“**Relevant Information**” shall include, without being limited to, the periods, quantities and charges of tariffs (including calculations thereof) of the proposed procurement, sale and/or exchange of electricity together with a description of ADWEC’s plans to carry out the proposed procurement and sale without adversely affecting the supply of electricity to customers in the Emirate of Abu Dhabi in accordance with Law No (2) and its Licence.

“**TRANSCO**” means the Abu Dhabi Transmission and Dispatch Company.

“**Water Transmission Code**” means the transmission code of that name which provides the operating standards for all water transmission assets in the Emirate of Abu Dhabi required to be prepared by TRANSCO and approved by the Bureau, as from time to time revised with the approval of the Bureau.

3. Consent

3.1. The Bureau hereby grants this Consent to ADWEC pursuant to Condition 2, paragraph 2 of the Licence to enter into Commercial Arrangements with OPWP to procure, sell electricity and/or exchange of electricity in kind outside Abu Dhabi for the periods specified in Clause 5.1 below.

4. Conditions of Consent

4.1 This Consent is subject to the following conditions:

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- (a) ADWEC shall continue to comply with all the requirements of Law No (2) and the Licence in respect of its Licensed Activities, activities ancillary thereto and any other activity for which ADWEC has obtained the Bureau's consent pursuant to Condition 2, paragraph 2 of its Licence.
- (b) For any in-kind exchange of electricity, ADWEC proposes to transfer electricity to Oman during May and June 2016 and OPWP proposes to transfer electricity to Abu Dhabi during July and August (or such other timescales or load profile as the Bureau may agree to). ADWEC shall maintain a record of any in-kind exchanges of electricity by way of an energy exchange account and shall ensure that the energy exchange account is calculated by the end of November 2016 with a view to calculating any amounts due or owing to ADWEC to or by OPWP and these amounts being settled by the respective party in cash or by energy in kind by the end of December 2016. Such settlement shall include payment by ADWEC of any TUoS charges for any energy supplied to OPWP and payment of any TUoS charges by the relevant entity for any energy supplied by OPWP to ADWEC in accordance with the Abu Dhabi regulatory framework.
- (c) ADWEC shall ensure that nothing in any Commercial Arrangement entered into shall in any way whatsoever hinder compliance with ADWEC's obligations under Law No (2) and its Licence, including the prevailing obligations under Conditions 17 to meet the generation and desalination security planning standards.
- (d) ADWEC shall provide the Bureau with:
- (i) all Relevant Information relating to any proposed Commercial Arrangement as shall be requested by the Bureau; and
 - (ii) A copy of any Commercial Arrangement after it has been entered into.
- (e) ADWEC shall ensure that there is no cross-subsidy from the Licensed Activities to the activities covered by this Consent. In the event of any shortfall in the revenue from the activities covered by this Consent compared to the costs reasonably attributable to such activities (including any transmission costs, if required by the Bureau) ADWEC shall ensure that such shortfall in revenue is paid by ADWEA.
- (f) ADWEC shall ensure that the activities covered by this Consent do not adversely affect the ability of any other Licensed Operator to fulfil their obligations under any licence, government authorization or any other relevant statute, industry code or standard (which includes the Electricity Transmission Code and the Water Transmission Code) or regulatory requirement in the Emirate of Abu Dhabi.

- (g) ADWEC shall, in relation to the activities covered by this Consent, comply with all the requirements of Condition 6 of the Licence as if the activities covered by this Consent were a Separate Business and shall submit to the Bureau in a timely manner any requested accounting records, statements or information, including any audited Separate Business Accounts, for the activities covered by this Consent.
- (h) For the purposes of Separate Business Accounts the following activities shall be considered as either Licensed Activities or unlicensed activities:
- (i) Sale of electricity by ADWEC to OPWP shall be considered an unlicensed activity (including where such sale is part of an in-kind power exchange).
 - (ii) Procurement of electricity by ADWEC from OPWP where such electricity is used in the Emirate of Abu Dhabi shall be considered as part of the Licensed Activities.
 - (iii) Procurement of electricity by ADWEC from OPWP where such electricity is not used in the Emirate of Abu Dhabi shall be considered an unlicensed activity.
 - (iv) Delivery to, or acceptance of delivery from, OPWP by ADWEC of electricity produced or used in the Emirate of Abu Dhabi where such procurement or sale cannot reasonably be subject to monetary, in-kind or financial settlement shall be considered as part of the Licensed Activities provided however that classes of such procurement and sale, including but not limited to emergency and inadvertent flows of electricity, which are not subject to monetary, in-kind or financial settlement shall have the prior written approval of the Bureau.
- (i) This Consent shall not relieve ADWEC from any requirement to comply with any other relevant law, decree, statute or governmental authorization issued by any governmental instrumentality, including those outside of the Emirate of Abu Dhabi.

5. Duration of Consent

5.1. This Consent shall, in respect of the Commercial Arrangements entered into by ADWEC with OPWP, remain in force until 31 December 2016.

5.2. Not less than 30 days prior to the expiry of the period specified in Clause 5.1 above, ADWEC must write to the Bureau to either:

- (a) request an extension of the relevant period; or

(b) confirm that the activities to which the Consent applies are no longer being carried out by ADWEC.

6. Modification and Revocation

6.1. This Consent is subject to modification or revocation by the Bureau at any time with 30 days prior written notice to ADWEC.

GRANTED for and on behalf of the Bureau by:


Saif Saeed Al Qubaisi
A/ Director General



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