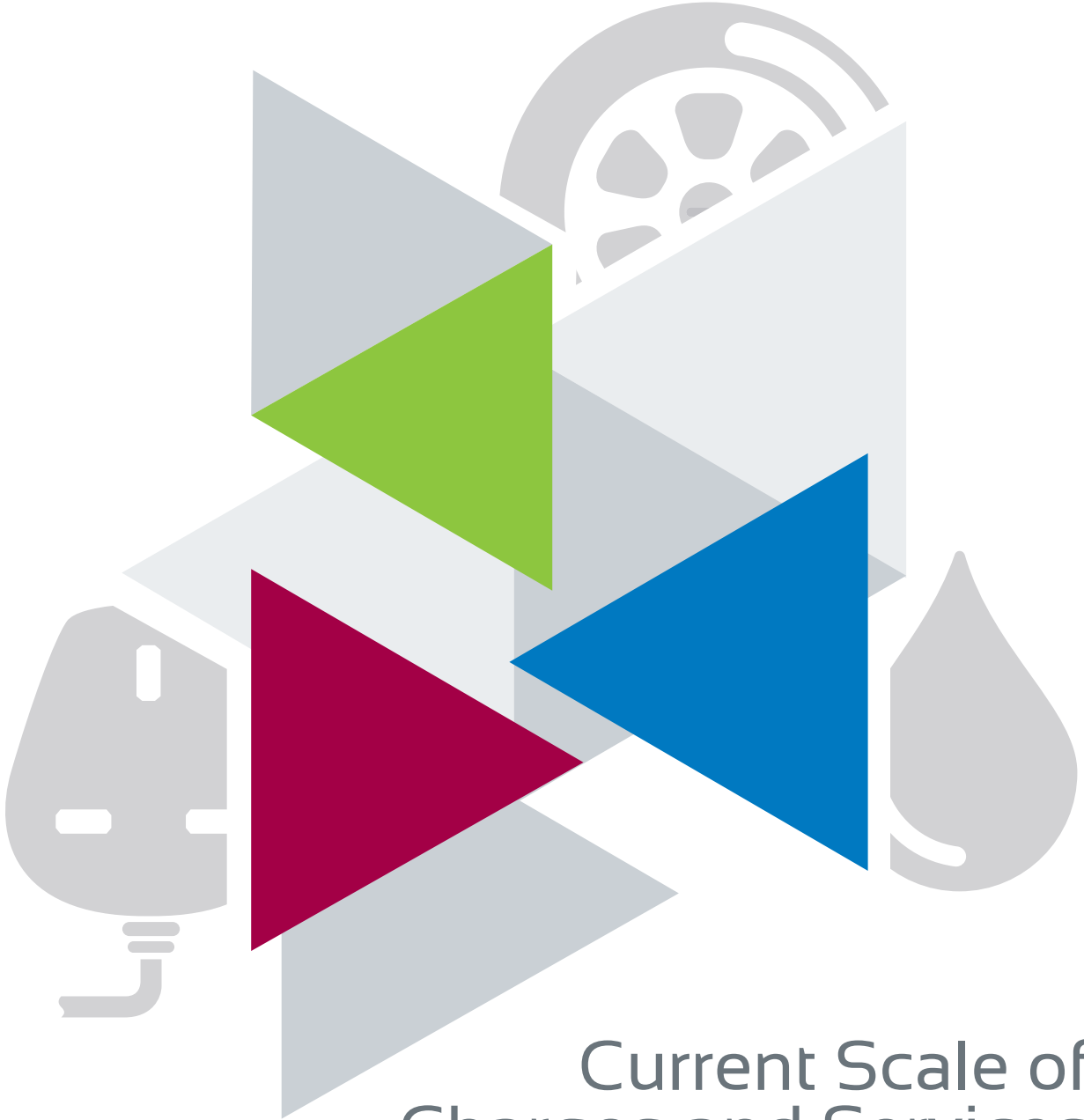




مكتب التنظيم و الرقابة  
Regulation & Supervision Bureau



## Current Scale of Charges and Services 2016



# 1. Self-funding regulatory framework for sector

The Regulation and Supervision Bureau (the Bureau) is a non-profit organisation, which has an independent budget funded by Licence holders (see Article (52) of Law No. (2) of 1998 (as amended)).

Article (89) (1) of Law No (2) provides that Licences issued by the Bureau can include conditions requiring payment of licence fees upon issuance of a new licence or fees during the term of a licence or both. Accordingly, it is a condition of each licensed company to pay licence fees as determined by the Bureau.

In the interests of transparency and, as recognized by the Licence, the Bureau has issued a scale of charges document which sets out how the Bureau's licence fees and charges are determined, as summarised in the table below:

**Table 1: Summary of fees and charges**

Nature of fee	Charged to	Frequency	When the fee is charged
<b>Registration fee</b>	IWPP/ISTP – all projects	One time	At the time of application for license
<b>Evaluation fee</b>	IWPP/ISTP – non ADWEA projects	One time	
<b>Administration fee</b>	IWPP/ISTP	Annual (until commissioning)	Until commercial operations commence
<b>Modification to an existing licence or other change in licensed activity</b>	Person requesting modification	One time	At the time of application for modification
<b>Licence Fee</b>	Section 3	Annual	Start of the calendar year
<b>Annual Fees</b>	Section 6	Annual	Start of the calendar year
<b>Bureau investigation</b>	The Licence holder(s) and/or person(s) in question	As necessary	At Bureau's discretion

For ease of explanation, we have differentiated in this document between two types of fees - Licence Fees and Annual Fees (historically, Annual Fees have been referred to as "licence fees" by the Bureau. For the avoidance of doubt, Annual Fees should be considered fees payable during the term of a Licence as per Article (89) of Law No (2) and under each Licence holders' licence).

In the further interests of transparency, an overview of the Bureau's past activities and audited accounts are published each year on our website. We have also published on our website an overview of the activities we intend to carry out over the next five years in our Forward Plan 2015 to 2019.

## 2. Types of licence

A licence may be for a specific or a number of activities, which fall under four categories:

### Permanent licences

Permanent licenses are not time-limited. They can be sub-categorised into either major or small-scale licences. The structure of both licence-types is similar.

Major licences cover either generation over 50 MW or any one generation-set greater than 10 MW. Desalination plants with capacity over 2.5 MGD or any one unit with capacity over 500,000 gallons per day require major licences. For wastewater, major licences are required above 10,000 cubic-metres per day.

All other lower-volume regulated activities fall into the small-scale licence category. The difference between major and small-scale helps set Licence Fees and other charges.

### Development licences

Development licenses are used for projects that will generate power, desalinate water or treat wastewater on-site to support the building of developments, for example, services to labour camps. These licences will always be time-limited. Their structure is similar to other licences.

### Self-supply licences

Self-supply licenses are for companies that intend to generate power and/or desalinate water primarily for internal consumption. These licences may be time-limited or open but are only applicable to the generation of power and the desalination of water. There is no sub-division between major and small-scale.

### Self-regulating licences

Self-regulating licenses are issued to companies or persons that will generate power in relatively small quantities. However, what particularly sets them apart from other generators is that the generating plant (typically a photovoltaic (PV) array) is not directly connected to a licensed operator's distribution network (i.e. ADDC or AADC's network) and would normally connect to the customer side of an operator's meter.

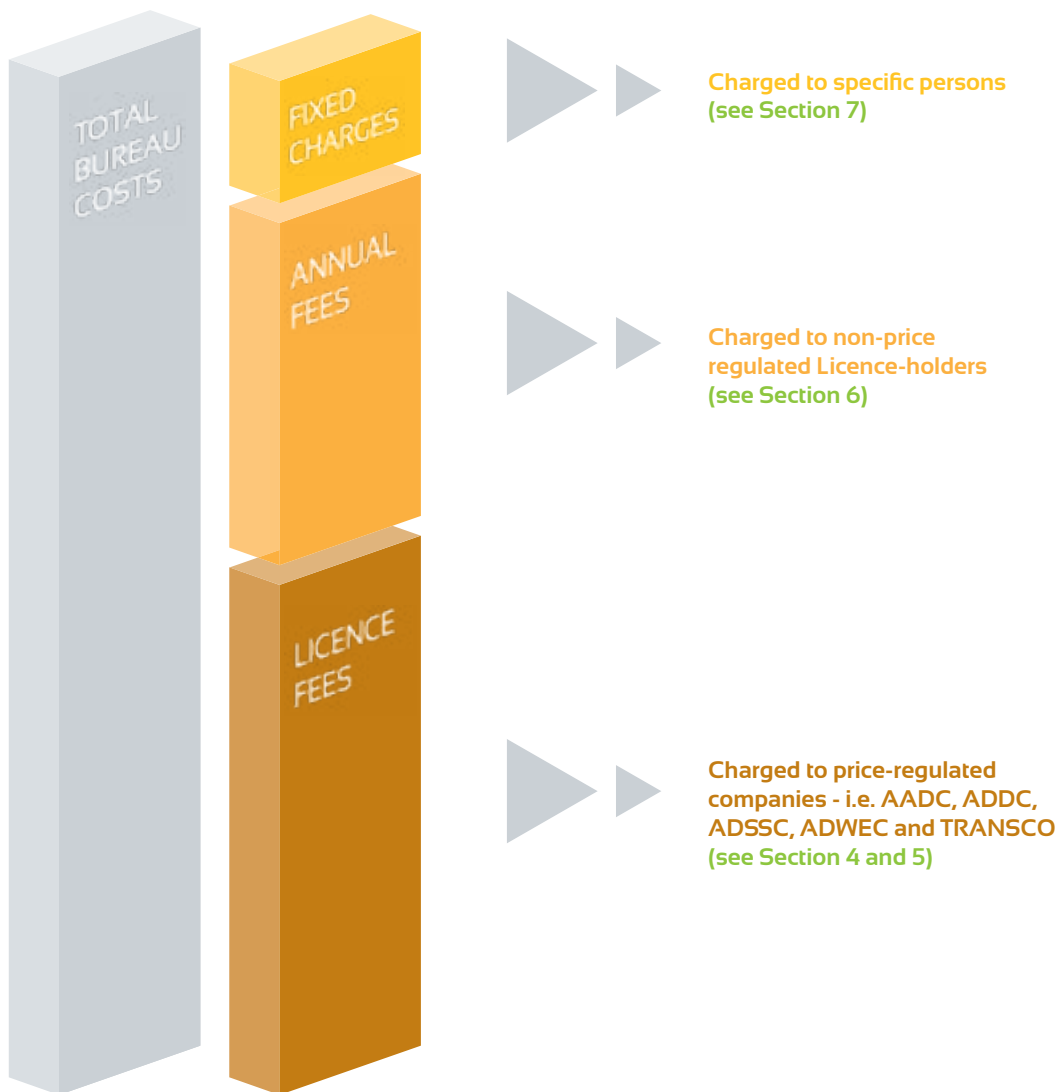




### 3. Fees calculation

In accordance with Law No (2), the Bureau is entirely funded by its Licence holders – primarily by Licence Fees and Annual Fees. An overview of the fee calculation framework is set out in the diagram below:

#### Overview of Fees and Charges Framework



Note: the above diagram is for illustration purposes only – the size of the boxes are not representative of amounts involved

### Total Bureau Costs

These represent the total budget for the Bureau's anticipated operational costs for the forthcoming year, which includes overheads, rent, staff and professional services costs. A breakdown of our actual costs will be described and set out in accordance with our accounting guidelines in the Bureau's accounts and published in our Annual Report each year.

### Fixed Charges

The Bureau will charge certain fixed charges, for example in connection with a licence application or a licence modification – see Section 7 below. These will be netted off against the Total Bureau's Costs as and when such charges are received.

### Annual Fees

These fees are recurring fees set by the Bureau pursuant to licences issued by the Bureau taking into consideration the type of Licence issued and the size of the Licensee. A full list of the Annual Fees are set out in Section 6. As outlined below, Annual Fees will be adjusted each year for inflation (according to the Consumer Price Index for the UAE). Historically, Annual Fees were also referred to as "licence fees" but we have adopted this new terminology for ease of explanation.

### Licence Fees

Licence Fees for the forthcoming calendar year will be calculated by the Bureau as follows for companies that are price regulated by the Bureau, including AADC, ADDC, ADSSC, ADWEC and TRANSCO (referred to below as "Relevant Licensees"). Licence Fees will be allocated equitably and proportionately to these Relevant Licensees on an annual basis according to the criteria set out in Section 4 below and calculated according to the methodology in Section 5 below.

### Operational Fees and Pass-Through Fees

Relevant Licensees' Licence Fee will be allocated into two parts – Operational Fees and Pass-Through Fees – this better reflects the way these parts are treated by the Bureau in its regulatory price controls for the Sector. Where pass-through fees are authorised, this will be by way of a derogation issued to the relevant Licensee pursuant to Article (97) of Law No (2) of 1998.

### Payment

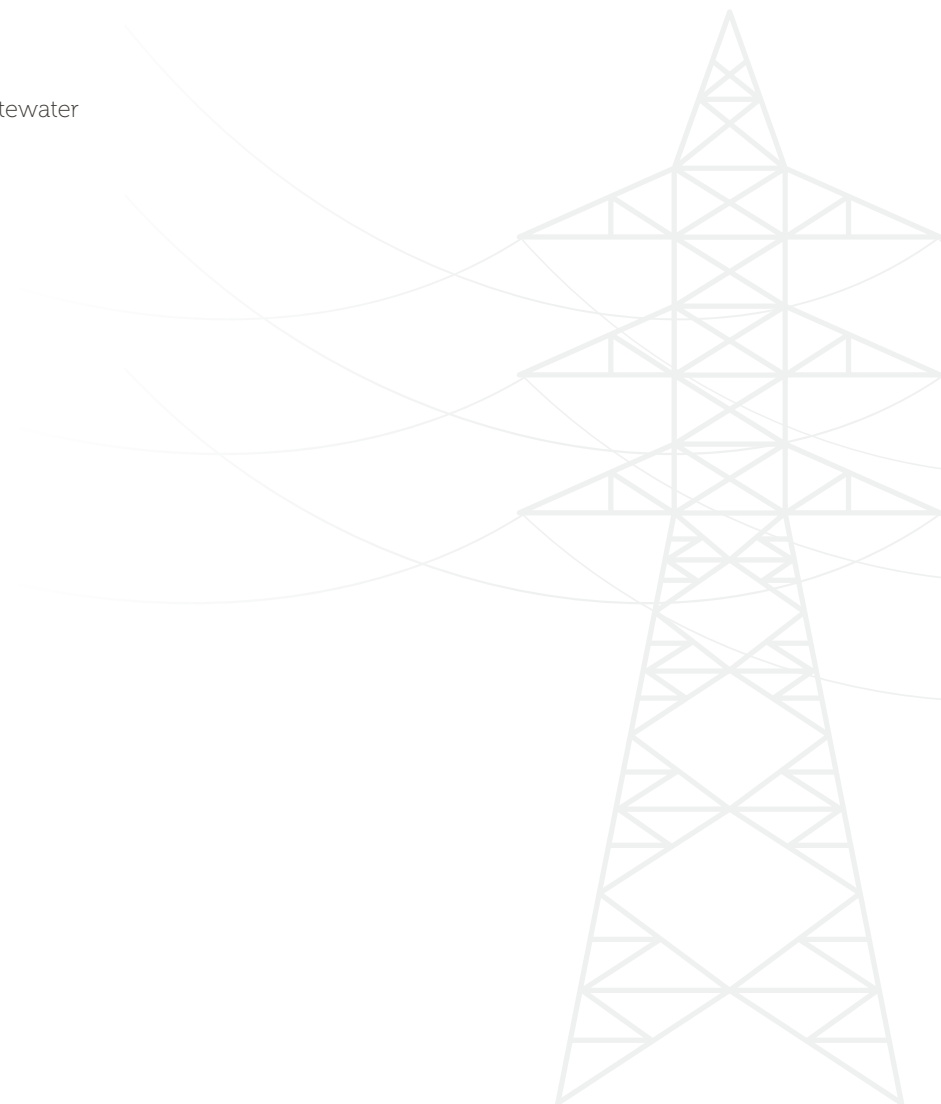
Licence Fees, Annual Fees and any other related charges or fees are due within one month of the invoice. The amount of any fees and the due date will be notified to relevant parties in advance. Non-payment of relevant fees is a ground for revocation of a Licence.



## 4. Allocation of licence fees

Licence Fees will be allocated equitably and proportionately to Relevant Licensees on an annual basis. When allocating Licence Fees, the Bureau will exercise its discretion and will take into consideration the following list of non-exhaustive factors:

- Where possible, the Bureau will identify and allocate directly-related costs to the Licensee in question arising from particular regulatory activities under its powers, duties and obligations under Law No (2). The Bureau's aim is that, where possible, the Bureau's costs should be allocated to the relevant activities or the Licensee(s) in question (rather than the Sector as a whole bearing such costs).
- Licence Fees will take into account the following Sector structure:
  - production
  - transmission
  - distribution
  - supply
  - procurement
  - collection, treatment and disposal of wastewater
- The extent to which Bureau functions are allocated to that Licensee or category of Licensee (where it is possible to assign or estimate Bureau costs (including staff costs based on a time estimate or other proxy)).
- Whether, and the extent to which, the activity is wholly or partially in relation to water, electricity or wastewater (or is a shared activity).
- The complexity, value and nature of the regulatory activities in question (including whether these are permanent, temporary, self-supply or small-scale activities).



## 5. Licence fee and annual fee - methodology

The Bureau calculates the Licence and Annual Fees payable for the forthcoming calendar year. The Bureau will base its calculations on the information available to it at that time and will notify Licence holders of the Licence Fee or Annual Fee payable and the due date in advance of that fee becoming payable (notification to occur during the fourth quarter of the preceding calendar year).

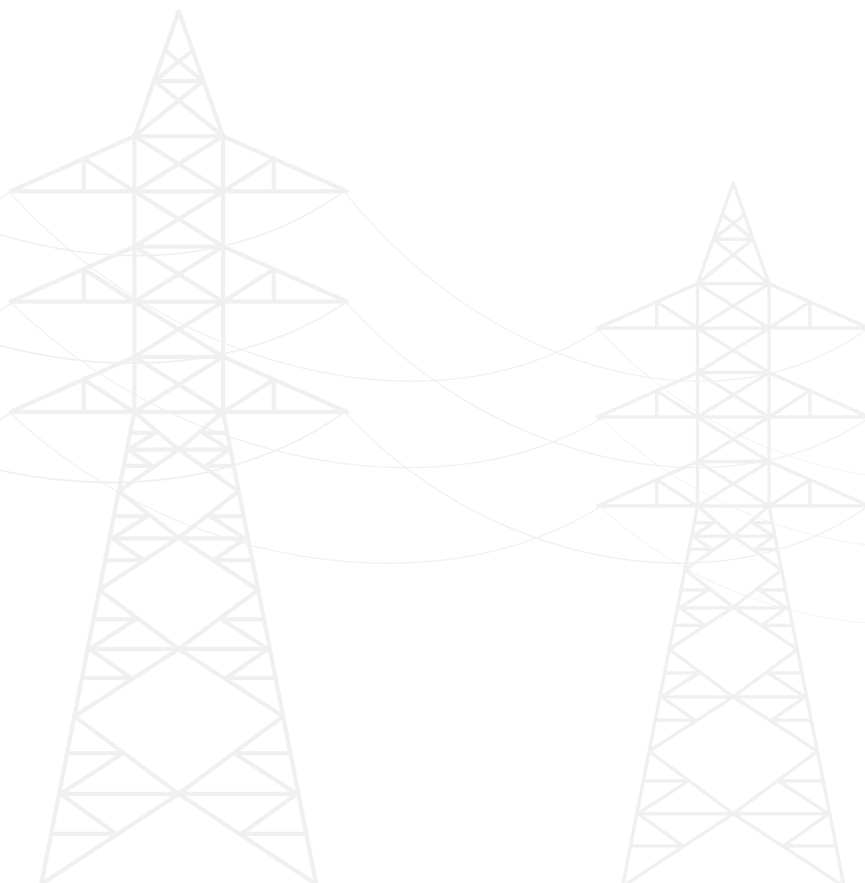
The Bureau will also add as part of licence fees, a specific amount for unpredictable expense in connection with additional services and charges to licence holders (described below) which may result in minor Licence Fee adjustments.

Where any adjustments are required, the Bureau will set these out in an invoice to the relevant company. Adjustments include (but are not limited to) the following circumstances:

- On occasion there may be surplus Licence Fee amounts collected that are not fully utilised. Any collected and unused Licence Fee will be adjusted against new license fees when the Bureau will be able to determine its actual spending for that particular Licence year. The allocation of adjustment will be according to the allocation principles

explained above and will normally occur in the second calendar year after the year when the relevant amounts are collected.

- Licence and Annual Fees are non-refundable. Where a licence has been cancelled or revoked, then no refund of Licence or Annual Fees will be made. Where a licence amendment (for example an increase or a decrease in plant capacity) would result in an adjustment to the Licence or Annual Fee payable, then the Bureau will, at its discretion, consider a pro-rata adjustment, credit or refund of the Annual Fee taking into all relevant considerations and representations from the Licensee.
- The derogation mechanism under the regulatory price control permits pass-through of certain Licence Fees by Relevant Licensees. Where the Bureau's Licence Fee is higher than such amounts, then the Bureau will, in its discretion, issue a derogation to AADC, ADDC, ADSSC, ADWEC and TRANSCO to permit these companies to pass-through any part of the Licence Fee that is not already accounted for in that Licensee's price control or other regulatory allowance set by the Bureau.



## 6. Annual fees

Annual Fees shall be considered to comprise all recurring fees charged pursuant to the following Licences: Major Licensees, Small-Scale Licensees, Development Licence Holders, Self-Supply Licensees and Self-Regulating Licensees. Annual Fees are non-refundable (subject to the adjustment mechanism in exceptional cases, described in Section 5 above).

### Major Licensees

For Licensees holding a water or electricity production licence (and that are not classed as small-scale or development licence holders – as described below), the Annual Fee will be calculated by the Bureau as follows for the forthcoming calendar year.

- This will be the licence fee paid for either (i) the preceding calendar year, where applicable or (ii) the Bureau's assessment of the Licence Fee that would have been payable by the relevant Licensee had

the Licensee then been operating at the relevant capacity which reflect the comparative size of the Licensee.

- The Bureau will adjust these annual fees for forthcoming years based on inflation according to the latest available CPI UAE figure available to the Bureau during Q4 of the preceding relevant year.

### Small-scale or Development Licence Holders

The following fees only apply to small-scale permanent or development licence holders. The following fees are annual and shall be calculated according to the aggregate gross installed capacity for the company or group in question (i.e. including any relevant subsidiary or affiliate companies). These fees will be increased yearly in line with UAE CPI inflation.

**Table 2: Annual Fee for small-scale and development licence holders**



#### Electricity generation (total installed capacity)

Up to 10 MW	AED 10,000
> 10 to 25 MW	AED 25,000
> 25 to 50 MW	AED 50,000
More than 50 MW	Fee consistent with Major Licensees methodology (adjusted for inflation)



#### Water desalination (total installed capacity)

Up to 1.0 MGD	AED 10,000
> 1.0 to 2.5 MGD	AED 20,000
More than 2.5 MGD	Fee consistent with Major Licensees methodology (adjusted for inflation)



#### Wastewater treatment (total installed capacity)

Up to 100 cubic-metres per day	AED 5,000
> 100 to 2,500 cubic-metres per day	AED 25,000
> 2,500 to 5,000 cubic-metres per day	AED 50,000
> 5,000 to 10,000 cubic-metres per day	AED 100,000
More than 10,000 cubic-metres per day	Fee consistent with Major Licensees methodology (adjusted for inflation)



## Self-supply licences

An Annual Fee shall apply to all self-supply licence holders and, while not based on market share, there is a sliding scale of charges which depends on the electricity generation or water production capacity of the licence. The Bureau has taken the view that self-supply companies will not be delivering all their generation or production output to the network and we have assumed that only 20% of either commodity would be transferred.

The following fees are annual and shall be calculated according to the aggregate gross installed capacity for the company or group in question (i.e. including any relevant subsidiary or affiliate companies). These fees will be increased yearly in line with UAE CPI inflation.

**Table 3: Annual Fee for self-supply licence-holders**



### Electricity generation with connection to the transmission system (total installed capacity)

Up to 10 MW	AED 10,000
> 10 to 100 MW	Rate of AED 150 per MW
More than 100 MW	Rate of AED 75 per MW



### Electricity generation with connection to a distribution system (total installed capacity)

Up to 10 MW	AED 5,000
> 10 to 50 MW	Rate of AED 150 per MW
More than 50 MW	Rate of AED 75 per MW



### Water desalination (total installed capacity)

Up to 0.5 MGD	AED 5,000
> 0.5 to 5 MGD	Rate of AED 3,000 per MGD
More than 5 MGD	Rate of AED 1,500 per MGD

In cases where a self-supply licence holder generates power and produces water, the Annual Fee will be the sum of the above electricity generation and water desalination fees.

## Self-regulating licences

At present the Annual Fee for this category of Licensee is set at zero. There is only a one-off registration fee of AED 500 associated with the application for a self-regulating licence.

## 7. Fixed charges

Other than recurring Licence or Annual Fees, the Bureau may apply the following non-refundable fixed charges. The following charges will not be indexed to inflation, but the Bureau reserves the right to review the below charges periodically.

### Self-regulating licences

There is a one-off registration fee associated with the application for such a licence.

**Registration fee – AED 500**

### Change of licence activity

Application for a change of licence to undertake a different activity.

**Minimum fee – AED 50,000**

### Modification to an existing licence

Any additional external costs of modifying a licence will be recovered from the appropriate licence holder. Non-substantive or minor amendments will not, at the Bureau's discretion, attract charges.

**Minimum fee – AED 50,000**

### Bureau Investigations

Fees for unplanned investigations by the Bureau into specific issues may, at the Bureau's discretion, be borne by the affected licence holder, in particular in circumstances where the Bureau is faced with increased external costs as a result of such investigation. Investigation costs will either be charged in the next year or be invoiced separately to the concerned licence holder during the same year.

### Administration

Where a major licence is granted for a specific activity but the activity has yet to commence, we will charge an annual administration fee. Small-scale licence holders will only pay for Annual Fees from the date their operations begin (i.e. there is no administration fee).

**Administration fee – AED 50,000**

Once the activity commences we will apportion costs based on licensed capacities in the next financial year. Partial production or partial delivery will be disregarded for the purposes of Licence fee or fixed charge calculations.



## 8. Application for a licence

Applicants for a new licence or for a licence modification need to provide certain information so that the Bureau can assess the criteria set out in Article (86) of Law No (2) – that the Licensee has the requisite financial, managerial and technical competence. The application fee takes account of evaluation and press notification costs from processing such an application and is non-refundable.

There are two types of applicant:

- Abu Dhabi Water and Electricity Authority (ADWEA) sponsored project companies; and
- Non-Authority developments.

### Application forms

Application forms are available, on request, from [licence@rsb.gov.ae](mailto:licence@rsb.gov.ae) or writing to: Licensing, PO Box 32800, Abu Dhabi, UAE.

### Authority-sponsored developments

Usually, an applicant will be part of a project that is a joint venture with an ADWEA owned subsidiary. This is the typical arrangement for independent water and power project (IWPP). The robust selection process and our involvement during the design stages, mean that evaluating such submissions is well understood.

**A registration fee of AED 50,000 will continue to be payable.**

### Non-authority sponsored developments

Applications will come from developers, project companies or a new development zone and may

include government-sponsored major companies/ organisations. Evaluation costs will depend on the circumstances surrounding the application and the suitability of the applicant. Under certain circumstances, we may be required to employ external consultants to assist in any necessary evaluation. So, two charges will apply a registration fee and an evaluation fee.

### Registration fee – AED 50,000

An additional evaluation fee may apply where the Bureau deems it necessary to use specific external expertise to assist with the evaluation of an application. The applicant may be required to provide an advance payment to cover these external consultants' costs with the actual costs being charged back to the applicant once they are known. We will estimate and discuss these costs with the applicant before the work commences. In cases where expert consultants' Fees are extensive, the Bureau may also enter into a Memorandum of Understanding (MOU) with the applicant to agree on how the Fees will be recovered. Such an MOU may be entered into prior to the actual lodging of an application with the Bureau to undertake a Regulated Activity.

### Evaluation fee – depending on individual circumstances

### Low-capacity wastewater treatment

For applications for a licence to treat less than 100 cubic-metres per day of wastewater, where the level of risk to the environment and the public is perceived to be low, there will be an appropriate level of assessment for operational and technical matters from the Bureau. This is reflected both in the registration fee and annual operational licence fee.

### Registration fee – AED 10,000

*The Regulation and Supervision Bureau will periodically review this document. In the interests of the environment, this publication will only be available in soft copy (PDF) on the Bureau's website.*





### **The Regulation & Supervision Bureau**

**The Bureau supervises and enforces relevant laws through the licensing of companies who undertake regulated activities in the Sector.**

Regulated activities include: generation, transmission, distribution and the sale of electricity; production, transmission, distribution and the sale of water; and collection, treatment and disposal of wastewater. Once a licence is issued, we monitor activities, produce and modify regulations where needed and enforce the conditions of the licences. We establish and monitor technical performance, safety and customer standards. We also oversee industry restructuring and have the power to approve mergers and acquisitions.

**The Regulation & Supervision Bureau**

PO Box 32800, Abu Dhabi

United Arab Emirates

[bureau@rsb.gov.ae](mailto:bureau@rsb.gov.ae)

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