

Licence Consent – ED/L03/014

Consent for the Management of RASCO's Production Activities in AADC's Authorised Area

Granted to Al Ain Distribution Company (AADC)

**Under Condition 2 of Part 2 of Distribution and Supply
Licence**

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Al Ain Distribution Company (AADC)
P.O. Box: 1065
Al Ain

Consent for the Management of RASCO's Production Activities in AADC's Authorised Area

1. Introduction

Al Ain Distribution Company (AADC) has applied to the Regulation and Supervision Bureau (the Bureau) for a Consent under Condition 2 of Part 2 of the Licence for the Management of RASCO's Production Activities in AADC's Authorised Area.

2. Definitions

Terms used in this Consent shall unless defined herein or the context otherwise admits have the same meanings as ascribed to them in the Law or the Licence.

Authorised Area: is as defined in Schedule 1 of the Licence.

Consent: means this consent granted by the Bureau to AADC for the Management of RASCO's Production Activities in AADC's Authorised Area.

Law: means Law No. 2 of 1998 concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi.

Licence: refers to the licence granted by the Bureau to AADC to undertake distribution and supply activities, as modified from time to time.

Management: refers to activities to be undertaken by AADC in relation to RASCO's Production Activities as specified in the Management Agreement .

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Management Agreement: refers to the agreement between RASCO and AADC for certain activities to be undertaken by AADC for and on behalf of RASCO, as amended from time to time with the prior written approval of the Bureau.

Production Activities: refers to the generation of electricity and the desalination of water which RASCO is authorised by RASCO Licence to undertake.

RASCO: refers to the Al Ain Company for Servicing Remote Areas.

RASCO Licence: refers to the licence granted by the Bureau to RASCO to undertake certain regulated activities in the Emirate of Al Ain, as modified from time to time.

3. Consent

The Bureau hereby grants its Consent to AADC, under Condition 2 of Part 2 of the Licence, to undertake the Management of RASCO's Production Activities in AADC's Authorised Area.

4. Conditions to the Consent

This Consent is subject to the following conditions:

1. AADC will continue to comply with all the requirements of the Law and the Licence in respect of its Licensed Activities.
2. The Consent must not adversely affect the operations and costs of AADC's Licensed Activities. AADC shall ensure the financial ring fencing between the activities covered by this Consent and its Licensed Activities.
3. AADC will meet any health, safety and environment related requirements imposed by the Bureau or any other authority having jurisdiction over AADC's and RASCO's activities.

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4. AADC will ensure that the activities covered by this Consent will not under any circumstances affect its performance against the quality parameters according to the Water Quality Regulations prescribed by the Bureau from time to time.
5. For 2004 and onwards, AADC shall amend the Management Agreement to allow electricity and water purchases from RASCO at such prices through which RASCO can recover fully its maximum allowed revenue (under price controls set by the Bureau for RASCO) in relation to AADC.
6. AADC shall not enter into any amendment to the Management Agreement without the prior written approval of the Bureau. Not later than 28 days before entering into any amendment to the Management Agreement, AADC shall send a copy of the proposed amendment to the Management Agreement for the Bureau's approval (which the Bureau will not withhold unreasonably).
7. Within 28 days of entering into any amendment to the Management Agreement, AADC shall send a copy of such amendment to the Bureau.
8. The Management Agreement shall not in any circumstances relieve RASCO of legal responsibility for the performance of its obligations under the Law and its licence.
9. AADC will, in relation to the activities covered by this Consent, comply with all of the requirements of Condition 9 of the Licence as if the activities covered by this Consent were a Separate Business as defined in the Licence.
10. AADC shall use its best endeavours to ensure that RASCO complies with those conditions of RASCO's licence which relate to activities covered by the Consent and, in any event, with Parts 2 and 3 of RASCO's licence.

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5. Duration of Consent

This Consent shall be effective from 1 January 2001 onwards. A review of this Consent and the terms and conditions therein shall be undertaken by the Bureau by no later than 1 June 2006.

6. Modification and Revocation

This Consent is subject to modification or revocation by the Bureau at any time with written notice to AADC.

GRANTED BY

1 June 2004

**Nick Carter
Director General
Regulation and Supervision Bureau**

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