

Document	Approved by	Recipients of document
ED/L03/037	Director General	1. ECPC 2. Bureau Controlled Documents

**Consent to Emirates CMS Power Company (ECPC) for the Sale of
Certified Emission Reductions from a Clean Development
Mechanism Project**

ED/L03/037

Issue Date: 15 December 2008

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Emirates CMS Power Company (ECPC)
P O Box 47688
Abu Dhabi

Consent to ECPC for the Sale of Certified Emission Reductions (CER's) from a Clean Development Mechanism (CDM) Project

1. Introduction

- 1.1 ECPC holds the Licence and is a licensed operator for the purposes of the Law.
- 1.2 ECPC has entered into a CDM Emission Reductions Purchase Agreement with Mubadala Development Company PJSC (Mubadala) dated 25 December 2007 (the Agreement).
- 1.3 The Bureau issued a Regulatory Policy Statement, Carbon Credits, Reference ED/S02/001, Issue 1, effective from 1 October 2008 (the Carbon Credits Policy), which sets out its overall approach to the treatment of CER income which is earned by electricity and water production companies in the Emirate of Abu Dhabi from CDM projects.
- 1.4 The sale of CER's by ECPC to Mubadala pursuant to the terms of the Agreement is not a Licensed Activity or an activity necessarily ancillary to the desalination of water and generation of electricity. Accordingly, ECPC requires the consent of the Bureau to undertake the unlicensed activity under Condition 2 (2) of the Licence.

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2. Definitions

2.1 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, the Licence or the Carbon Credits Policy.

ADWEC: means the Abu Dhabi Water and Electricity Company

Agreement: means the CDM Emission Reductions Purchase Agreement as between ECPC and Mubadala Development Company PJSC dated 25 December 2007

Applicable Profit Threshold: means CDM project Earnings before Interest and Tax (EBIT) in a year expressed as a percentage of the average opening and closing CDM project Net Asset Values (NAV's) for that year

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) of 1998)

Carbon Credits Policy: means the Bureau Regulatory Policy Statement, Carbon Credits, Reference ED/S02/001, Issue 1, effective from 1 October 2008

CDM: means clean development mechanism

CER's: means certified emission reductions

Consent: means this Consent granted by the Bureau to ECPC in accordance with Condition 2 (2) of the Licence and pursuant to the Bureau Regulatory Policy Statement, Carbon Credits, ED/S02/001, Issue 1, effective from 1 October 2008

ECPC: means Emirates CMS Power Company

IFRS: means international accounting standards within the meaning of the IAS Regulation 1606/2002 (as amended from time to time)

Law: means Law No (2) of 1998 as amended by Law No (19) of 2007 concerning the regulation of the water and electricity sector in the Emirate of Abu Dhabi, and Law No (17) of 2005 concerning the regulation of the wastewater sector as amended by Law No (18) of 2007 and further amended by Law No (12) of 2008

Law No (2) of 1998: means Law No (2) of 1998 concerning the regulation of the water and electricity sector in the Emirate of Abu Dhabi (as amended by Law No (19) of 2007)

Licence: means licence number ED/L01/010, Issue 1, Rev (1), granted by the Bureau to ECPC to carry out Water Desalination and Electricity Generation in each case at the facility known as Taweelah A2 (as modified from time to time)

Licensed Activities: means the activities permitted to be carried out by ECPC pursuant to the terms of the Licence

Mubadala: means Mubadala Development Company PJSC

PWPA: means the Power and Water Purchase Agreement as between ECPC and ADWEC dated 3 October 1998.

3. Consent to ECPC

3.1 The Bureau, having duly considered the application from ECPC, hereby consents to ECPC undertaking the activity of the sale of CER's arising from a CDM project to Mubadala pursuant to the terms of the Agreement.

4. Conditions of this Consent

4.1 This Consent is subject to the following conditions:

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- (a) For the purposes of calculating any Applicable Threshold Profit, ECPC shall produce separate accounts which show the CER income that is attributable to the CDM project and which shall comprise of:
- (i) an income statement;
 - (ii) a balance sheet;
 - (iii) a cash flow statement; and
 - (iv) supporting notes which explain the basis of the preparation of the separate accounts including information on (but not limited to) the accounting policies adopted for cost allocation and depreciation, and, the financing terms.
- (b) The separate accounts produced under 4.1(a) must be audited independently according to IFRS and shall be submitted to the Bureau no later than the 30th of June each year, in respect of the previous year.
- (c) If the Bureau determines following its assessment of the separate accounts under 4.1(a) that the Applicable Threshold Profit exceeds fifteen percent (15%) on average over any three (3) year period the Bureau may direct ECPC to share those profits which exceed the Applicable Threshold Profit (at least 50% of those profits) via ADWEC to its customers.
- (d) ECPC shall notify the Bureau of any assignment, transfer or novation of the Agreement within seven (7) days of any such assignment, transfer or novation.
- (e) ECPC shall continue to comply with all the requirements of the Law, the Licence and the PWPA in respect of its Licensed Activities, activities ancillary thereto and any other activity for which ECPC has obtained the Bureau's consent pursuant to Condition 2 (2) of the Licence.

- (f) This Consent shall not relieve ECPC from any requirement to comply with any other relevant law, decree, statute or government authorisation issued or promulgated by any government authority.

5. Effective Date of Consent

- 5.1 This Consent shall come into force and effect on 15 December 2008.

6. Modification and Revocation

- 6.1 This Consent is subject to modification or revocation by the Bureau at any time by written notice to ECPC.

- 6.2 For the avoidance of doubt, this Consent

(i) relates only to consent under Condition 2 (2) of the Licence. This Consent is not a consent to the performance of any obligation or the exercise of any right or any other matter contained in the Agreement which might have the effect of causing a breach of the Licence, the Law or otherwise. In such circumstances, this Consent shall not in any way affect the powers or rights of the Bureau in relation to such a breach; and

(ii) relates only to the CER revenue generated by conventional or thermal power and water production projects.

GRANTED for and on behalf of the Bureau by:

Nicholas Carter
Director General

Dated this 15th day of December 2008

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