



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 Certain Entities

Consent

30 January 2011

ED/L03/061

Revision 1

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

Document	Approved by	Recipients of controlled
ED/L03/061	Director General	ADWEC Bureau

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**Abu Dhabi Water and Electricity Company**  
**PO Box 5111**  
**Abu Dhabi**

## **Consent to Procure and Sell Electricity and Water Outside the Emirate of Abu Dhabi with Certain Entities**

### **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 each of the Non-Abu Dhabi Entities listed in Schedule 1 to procure and sell electricity and/or water outside the Emirate of Abu Dhabi.

### **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 a Non-Abu Dhabi Entity to procure and sell electricity and/or water outside the Emirate of Abu Dhabi.

“**Consent**” means this consent granted by the Bureau to ADWEC to allow it to enter into Commercial Arrangements with each of the Non-Abu Dhabi Entities to procure and sell electricity and/or water outside the Emirate of Abu Dhabi, including any amendments made from time to time.

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

**“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 3 dated 1 January 2006 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).

**“Non-Abu Dhabi Entity”** means the Persons listed in Schedule 1 with whom ADWEC procures and sells electricity and/or water pursuant to this Consent.

**“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 and sale of electricity and/or water together with a description of ADWEC’s plans to carry out the proposed procurement and sale without adversely affecting the supply of electricity and/or water to customers in the Emirate of Abu Dhabi in accordance with Law No (2) and its Licence.

**“TRANSCO”** means the Abu Dhabi Transmission and Despatch 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.

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### 3. Consent

3.1 The Bureau hereby grants this Consent to ADWEC pursuant to Condition 2, paragraph 2 of the Licence to enter into a Commercial Arrangement with each of the Non-Abu Dhabi Entities to procure and sell electricity and/or water outside Abu Dhabi for the periods specified in Schedule 1.

### 4. Conditions of Consent

4.1 This Consent is subject to the following conditions:

- (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) 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 obligations under Conditions 17 to meet the generation and desalination security planning standards which are to:
  - (i) ensure that the supply of electricity to customers in the Emirate of Abu Dhabi shall not be discontinued for a total of more than 1 day in any period of 10 years; and
  - (ii) ensure that the risk of loss of water supply to customers due to insufficient production capacity is no more than once in any period of 50 years.
- (c) ADWEC shall provide the Bureau with:
  - (i) all Relevant Information relating to any proposed Commercial Arrangement within no less than 30 days prior to the effective date of any such proposed Commercial Arrangement; and
  - (ii) a copy of any Commercial Arrangement after it has been entered into.

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- (d) 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.
- (e) 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 authorisation 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.
- (f) 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 all of the accounting statements and information, including the audited Separate Business Accounts, for the activities covered by this Consent. For the purposes of Separate Business Accounts the following activities shall be considered as either Licensed Activities or unlicensed activities:
- (i) Sale of electricity and/or water by ADWEC to a Non-Abu Dhabi Entity shall be considered an unlicensed activity.
  - (ii) Procurement of electricity and/or water by ADWEC from a Non-Abu Dhabi Entity where such electricity and/or water is used in the Emirate of Abu Dhabi shall be considered as part of the Licensed Activities.
  - (iii) Procurement of electricity and/or water by ADWEC from a Non-Abu Dhabi Entity where such electricity and/or water is not used in the Emirate of Abu Dhabi shall be considered an unlicensed activity.
  - (iv) Delivery to, or acceptance of delivery from, a Non-Abu Dhabi Entity by ADWEC of electricity and/or water produced or used in the Emirate of

Abu Dhabi where such procurement or sale cannot reasonably be subject to monetary 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 and/or water, which are not subject to monetary or financial settlement shall have the prior written approval of the Bureau.

- (g) This Consent shall not relieve ADWEC from any requirement to comply with any other relevant law, decree, statute or governmental authorisation 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 each Non-Abu Dhabi Entity, remain in force for the periods specified in Schedule 1.
- 5.2 Not less than 30 days prior to the expiry of the periods specified in Schedule 1, 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.

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**GRANTED for and on behalf of the Bureau by:**



**NICHOLAS CARTER**  
Director General

Dated this 30<sup>th</sup> day of January 2011

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## Schedule 1 to Consent No. ED/L03/061

List of Non-Abu Dhabi Entities for which the Bureau grants consent to ADWEC to procure and sell electricity and/or water outside the Emirate of Abu Dhabi and the periods of such consents

<b>Non-Abu Dhabi Entity</b>	<b>Start Date of Consent</b>	<b>End Date of Consent</b>
Dubai Electricity and Water Authority	1 June 2008	31 December 2015
Sharjah Electricity and Water Authority	30 May 2009	31 December 2015
Federal Electricity and Water Authority	8 April 2010	31 December 2015
Oman Power and Water Procurement Company	1 January 2011	31 December 2015
All entities forming part of the GCC Interconnection Authority which has responsibility for the electricity grid which will link the electricity networks of Kuwait, Saudi Arabia, Bahrain, Qatar, United Arab Emirates and Oman	1 January 2011	31 December 2015
Fujairah Energy Company	21 May 2007	31 December 2015

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