



مكتب التنظيم و الرقابة
Regulation & Supervision Bureau

Derogation

DEROGATION (SPECIFIC) IN RESPECT TO CERTAIN ELECTRICITY TRANSMISSION CODE CONDITION FOR SHUWEIHAT 3 POWER PLANT

11 November 2012

ED/L06/100

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

Derogation (Specific) in Respect to Certain Electricity Transmission Code Condition for Shuweihat 3 Power Plant

Granted to:

Shuweihat Asia Power Company

ED/L06/100

10 November 2012

Title	Document	Version	Publication date	Approved by
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1. Legal Background

1. Law No (2) of 1998, Concerning the Regulation of the Water and Electricity Sector (as amended) ("Law No (2)") establishes the Regulation and Supervision Bureau ("the Bureau") as the competent authority to oversee the water wastewater and electricity sector in the Emirate of Abu Dhabi.
2. Article 54 of Law No (2) stipulates the Bureau's duty to exercise its powers to ensure the security of supply and ensure the operation and development of a safe, efficient and economic water, wastewater and electricity sector.
3. Article 55 of Law No (2) further states that the Bureau's powers shall extend to, "...*the establishment maintenance, review and amendment as appropriate of technical and performance standards for the water and electricity sector and the monitoring and enforcement of compliance with such technical standards...*".
4. As per Article 71 of Law No (2), the desalination of water and the generation of electricity are "regulated activities"; the undertaking of which requires licensure (or exemption) by the Bureau under Article 72.
5. Further to its powers under Law No (2), the Bureau has adopted and endorsed the Abu Dhabi Transmission and Despatch Company's ("TRANSCO") Electricity Transmission Code as the controlling framework for the technical and operational parameters of the interconnection of independent power production facilities to TRANSCO's electricity transmission network.
6. On 28 April 2011, the Bureau issued Generation Licence (ED/L01/026) ("the Licence") to Shuweihat Asia Power Company ("SAPCO") for the generation of electricity up to a maximum capacity of 1,600 Megawatts (MW) at the facility known as Shuweihat 3 ("S3") in the Emirate of Abu Dhabi
7. As per Condition 3 of the Licence, SAPCO is required to comply with the Electricity Transmission Code, unless otherwise directed by the Bureau.
8. Notwithstanding, Article 97 of Law No (2) authorizes the Bureau to, at its discretion, issue and/or revoke derogations from the conditions of the licences it has granted

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2. History

1. In respect to its S3 facility, SAPCO was granted a Generation Licence by the Bureau (ED/L01/026) effective from 28th April 2011
2. As noted in Part 2 – Condition 3 of the above referenced Licence, compliance with the Electricity Transmission Code is an obligatory component of SAPCO's generation licence.
3. Notwithstanding, SAPCO is unable to fully comply with the ETC based on the specified design features of certain elements of the S3 facility, and has requested that the Bureau issue direction relieving its compliance with various parts of the ETC.
4. In consideration of this request, the Bureau conducted an extensive investigation of SAPCO's position as well as related issues which may be relevant to TRANSCO, Abu Dhabi Water and Electricity Company ("ADWEC") and other interested stakeholders.
5. Specifically, the Bureau has engaged in an extensive and objective technical dialogue with SAPCO, TRANSCO and ADWEC to review the applicability of the ETC in this instance as well as SAPCO's request to be relieved from compliance with certain aspects thereof.
6. This dialogue included, among other matters, the examination of:
 - a. ETC compliance for each Generating Unit of the S3 power plant. Considering each element on its merits in terms of meeting the minimum requirements set out in the Electricity Transmission Code (Version 1, Revision 3, September 2006);
 - b. The likely effect on System Operator (TRANSCO) to comply with its licence conditions and statutory obligations;
 - c. Responses from stakeholders (SAPCO, ADWEC & TRANSCO) to the consultation document published by the Bureau "Shuweihat Asia Power Company (SAPCO) - Request for Derogation from Certain Parts of the Electricity Transmission Code Consultation", ref no CR/T02/002, dated 25th September 2012;
 - d. Clarifications provided by SAPCO through the letters ref no AE1172-L-SPC-RSB-0105, dated 12th November 2012, meeting on 20th November 2012, ADWEC's letter ref no ADWEC-PCD/DPCD/RSB/L-083/11.12 dated 21st November 2012;

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- e. The nature of derogations already granted by the Bureau;
 - f. The likelihood of similar derogation requests in the future;
 - g. The effect of the decision on future derogation requests; and
 - h. Allowances that have been made in the S3 Power Purchase Agreement (“PPA”).
7. Based on the Bureau’s independent examination, consideration of the stakeholders’ various perspectives, as well as its review of the information submitted in the consultative process, the Bureau has determined that:
- a. the issuance of a derogation from certain requirements of the ETC is consistent with the Bureau’s powers under Law No (2);
 - b. the issuance of a derogation from certain requirements of the ETC was envisaged as a potential eventuality under SAPCO’s licence; and
 - c. the issuance of a derogation from certain requirements of the ETC is consistent with the Bureau’s mandate of promoting the development of safe, efficient and economic electricity sector.

3. Derogation Decision

1. In the light of above the Bureau has come to the conclusion that only Generating Unit ST 70 and Generating Unit ST 80 within the S3 power plant cannot fully comply with all the ETC conditions in respect of elements of Chapter 3 – in particular relating to provision of Primary & Secondary Response; and Chapter 6 - in particular relating to independent despatch.
2. Pursuant to Article (97) of the Law no 2, the Bureau hereby grants to SAPCO specific derogations from the following requirements of the ETC for Generating Units ST 70 & ST 80 ONLY, within the S3 Power Plant:
 - a. Chapter 3, clause 6.3.2;
 - b. Chapter 3, clause 8 (Ancillary services), Part 1 condition 3;
 - c. Chapter 3, clause 8 (Ancillary Services), Part 2 condition 8;
 - d. Chapter 6, clause 3.2.5;
 - e. Chapter 6, clause 4.1; and
 - f. Chapter 6, section 4.3

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4. Conditions to the Derogation

This Derogation is subject to the following conditions:

1. Except as provided for in this document, SAPCO shall continue to comply with all the requirements of the Licence and the ETC in respect of its regulated activities or the Licensed Activities or activities ancillary thereto or its obligations under bilateral Agreements /PPA.
2. This Derogation shall be only applicable to Generating Units ST 70 and ST 80 within S3 power plant.
3. This derogation is valid until the end of electricity generation licence term for SAPCO for S3 power plant, detailed in the licence ED/L01/026 dated 28 April 2011 issued by the Bureau and amended from time to time.
4. This Derogation is subject to modification or revocation by the Bureau at any time with written notice to SAPCO.

GRANTED BY:



11 November 2012

NICHOLAS CARTER
Director General
Regulation and Supervision Bureau

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