

Guide

Licence Exemptions

Guide to the Bureau's 2012 Licence Exemption Orders



The Regulation and Supervision Bureau

The Regulation & Supervision Bureau (the Bureau) has the duty under Law No (2) of 1998, as amended (Law No (2)) to exercise its powers in a manner which is best calculated to, *inter alia*, ensure the operation and development of a safe, efficient and economic water, wastewater and electricity sector in the Emirate.

Furthermore, the Bureau is the competent authority for the issuance of licences which are required for the engagement in the following regulated activities:

- 1) the desalination of water;
- 2) the generation of electricity;
- 3) the combined generation of electricity and desalination of water;
- 4) the performance of the duties of the Abu Dhabi Water and Electricity Company;
- 5) the transmission of water by trunk mains pipeline;
- 6) the distribution of water by mains pipeline;
- 7) the supply of water to premises;
- 8) the storage of water;
- 9) the bulk supply of water by an unlicensed operator to the connection grid of a licensed transmission operator;
- 10) the bulk supply of electricity by an unlicensed operator to the connection grid of a licensed transmission operator;
- 11) the transmission of electricity;
- 12) the distribution of electricity;
- 13) the supply of electricity to premises;
- 14) the collection of sewerage from premises;
- 15) the treatment and processing of sewerage and wastewater; and
- 16) the disposal of wastewater and sewerage.

Notwithstanding, after approval from the Executive Council, Article (79) of Law No (2) specifically authorises the Bureau to issue an exemption to a person conducting a regulated activity from the requirement to be authorised to do so by a licence.

Previous Exemptions issued by the Bureau

Prior to October 2012, the Bureau issued two Exemption Orders:

Electricity and Water Licence Exemption Order No. 1 of 1999 which exempted the following persons from the licensing requirements stipulated in Law No (2):

- 1) Abu Dhabi National Oil Company (ADNOC) (and its affiliates) for:
 - desalination of water and generation of electricity
 - transmission of water and electricity
 - distribution of water and electricity
 - supply of water and electricity to premises, and
 - the storage of water;
- 2) persons who provide small-scale electricity generation and small-scale water desalination;
- 3) persons who desalinate water solely for the purposes of supply to itself, its employees or its business;
- 4) persons whose production facilities are used partly for the purposes of supply to itself, its employees or its business and partly for other purposes;
- 5) persons who distribute water and/or electricity to the premises of final customers where the supply of that water or electricity is made by a licensed operator and customers pay no fee or other charge (either as a separate supply charge or as part of the price of electricity or water);
- 6) persons who distribute and/or supply water and/or electricity to premises of final customers within a single area of land where the primary purpose of the supply is not for private residential use and where no supply of water or electricity is made by a licensed operator in that area;
- 7) The Department of Municipal Affairs, Abu Dhabi City Municipality, Al Ain Municipality and Western Region Municipality for the distribution, supply and storage of water for irrigation purposes only;
- 8) persons who distribute and/or supply water by road vehicle and not by pipe; and
- 9) persons who supply water to premises or store water for drinking purposes in bottles or containers or vessels with a capacity of less than 30 litres.

(NOTE: since its issue in 1999, Exemption Order No. 1 has been modified twice)

Electricity Generation Licence Exemption granted to Abu Dhabi Oil Refining Company (TAKREER) which exempted TAKREER from the licensing requirements stipulated in Law No (2) with respect to the regulated activities of generating electricity.

Expiration of prior Exemptions

As of the 2012 publication date of this Guide, both of these Exemption Orders (and subsequent modifications) have expired and are no longer in effect.

2012 Bureau issuance of Exemptions

On 6 September 2012, the General Secretariat of the Abu Dhabi Executive Council issued EC Decision No. 2 C 4/2012 ("Concerning Licences Exemptions"). Among other matters, this Decision authorised the Bureau to annually exempt the following from the licensing requirements stipulated in Law No (2):

- 1) small-scale generation of electricity and small-scale desalination of water; and
- 2) ADNOC and its affiliates (expressly including TAKREER) with respect to all regulated activities.

Based on this EC Decision the Bureau issued the following Exemption Orders:

- 1) **Electricity and Water (Licence Exemption) Order No. (1) 2012; and**
- 2) **Electricity and Water (Licence Exemption) Order No. (2) 2012.**

(Please refer to the actual Exemption Orders available on the Bureau's website for further details and specific parameters)

Ongoing review of further Exemptions

The Bureau notes that many of the persons and/or activities addressed in its **Electricity and Water Licence Exemption Order No. 1 of 1999** are not included in the 2012 Exemption Orders.

Notwithstanding, the Bureau considers that the effective regulation and supervision of the water, wastewater and electricity sector requires that its licensing regime and regulatory framework remain adaptable to accommodate any changes or developments in the sector.

For example, the Bureau is presently reviewing the licensing obligations related to various other regulated activities, including the localised, non-commercial distribution of water and electricity as well as the supply of water and the collection and disposal of wastewater; both via automotive tankers. The Bureau is also considering coordination with other authorities and government agencies to determine the most effective means of supervising various other regulated activities.

Any revisions to the relevant licensing obligations will be made public as required by Law No. (2).

Conditions of Exemptions

Any Person wishing to carry out an Exempted Activity (as defined in the Exemption Orders) must comply with the terms and conditions stipulated in the relevant Exemption Order.

Public notice

Prior to issuance, public notice of all Exemption Orders is required under Law No. (2). All interested stakeholders are given the opportunity to comment on the proposed Exemption Orders and the Bureau considers all relevant feedback from the public.

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