



PROPOSED DRAFT

**TRANSMISSION, DISTRIBUTION & SUPPLY
LICENCE**

For

DOMINICA ELECTRICITY SERVICES LTD

CONSULTATIVE DOCUMENT

Document Ref: 2011/002/CD-02

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**COMMONWEALTH OF DOMINICA
INDEPENDENT REGULATORY COMMISSION
ELECTRICITY TRANSMISSION, DISTRIBUTION AND SUPPLY LICENCE**

**LICENCE
issued to
Dominica Electricity Services Ltd
Under Section 30 of
The Electricity Supply Act 10 of 2006**

PART I: GRANT OF THE LICENCE

1. The Independent Regulatory Commission in exercise of the powers conferred on it by Section 30 of the Electricity Supply Act 10 of 2006 (The Act) **HEREBY GRANTS** to Dominica Electricity Services Ltd (**the Licensee**) the following Licences (**the Licence**)

- A. an exclusive Licence authorising the Licensee to establish and operate a transmission and distribution network as part of the public electricity supply system on the island of Dominica,
- B. an exclusive Licence to supply electricity for sale to the public of the Commonwealth of Dominica

for the period specified herein and subject to the conditions set out in herein ("the Conditions").

- 2. This Licence shall be cited as the DOMLEC Transmission, Distribution and Supply Licence 2010.
- 3. This Licence shall come into effect on the pppp of bbbb 2010 and shall continue in full force and effect until termination or expiry unless modified, revoked or terminated pursuant to the Conditions set out herein.
- 4. The licence shall be governed by and construed, enforced and performed in accordance with Laws of the Commonwealth of Dominica.

Sealed and executed for and on behalf of the Independent Regulatory Commission on XXXX day of YYYY, 2010

PART II: GENERAL TERMS AND CONDITIONS

Condition 1: Definitions and Interpretation

1. Unless the contrary intention appears, words and expressions used in this licence shall be construed as if they were in an Act of Parliament and the Interpretation and General Clauses Act applied to them and references to an enactment shall include any statutory modification or re-enactment thereof after the date when this licence comes into force.
2. Any word or expression defined for the purposes of any provision of the Electricity Supply Act 10 of 2006 (ESA) shall, unless the contrary intention appears, have the same meaning when used in this Licence.
3. In this Licence unless the context otherwise requires:

"*Affiliate*" in relation to any person means any holding company or subsidiary of that person or any subsidiary of a holding company of that person in each case within the meaning of the Companies Act;

"*Assets*" mean the material assets and facilities owned, operated or leased by the Licensee, including the Real Estate.

"*authorised*" in relation to any business or activity means authorised by licence granted under Section 30 of the ESA;

"*authorised electricity operator*" means any holder of an Electricity Licence granted under Section 30 of the ESA;

"*Catastrophic failure*" means a sudden and unexpected failure of one or more generating units that form part of the *generating facilities* which renders that or those units economically or technically unfit to generate;

"*Commission*" means the Independent Regulatory Commission as established pursuant to S. 4 of the ESA

"*Companies Act*" means the Companies Act and any amendments thereto;

"*Distribution Line*" means any electric power line operating at 11,000 volts;

"*Distribution System*" means that part of the electricity system that operates at 11,000 volts;

"*ESA*" means the Electric Supply Act 10 of 2006 and any amendments thereto.

"*Electricity Generation Licence*" means a licence granted under Section 30 of the ESA authorising the Licensee to carry out the generation of electricity;

"*Fair Market Value*" means the market value of the Licensee when evaluated as an ongoing business concern including this Licence and all lands, buildings, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking. The *Fair Market Value* shall be determined in accordance with the provisions of **Condition 15**

"*Financial Year*" means the twelve month period at the end of which the Licensee's annual accounts are completed and independently audited

"*Force Majeure*" means any event or circumstance or combination of such events or circumstances that (i) occurs inside Dominica except as provided in clause (h) below, (ii) is outside the reasonable control of the Licensee, (iii) cannot be prevented or overcome by the exercise of reasonable diligence, and (iv) materially and adversely affects the performance by the Licensee of its obligations under this Licence, to the extent that such event(s) or circumstance(s) meet the foregoing requirements (i) through (iv), including: (a) acts of God, fire, explosion, chemical contamination, earthquakes, flood, lightning, drought, tsunami, flood, torrential rain, storm, cyclone, typhoon, or tornado, pestilence or other natural catastrophes, epidemics or plague, or any strikes, work to rule, go-slows or other labour disturbances that directly affect the *Assets* of the Licensee, (b) any failure or inability by the Licensee to obtain or renew any licences (other than this Licence), concessions or permits or other *Governmental Requirements* that are necessary for the Licensee to conduct its business on terms and conditions at least as favourable as those contained in the original licence (and not this Licence), concession or permit after the submission of an application that fulfils all the applicable requirements of the relevant *Government Requirements* and the exercise of due diligence to obtain such licence (other than this Licence), concession or permit, (c) any strikes, work to rule, go-slows or other labour disturbances that extend beyond the *Assets* of the Licensee, are widespread or nation-wide or are of a political nature, including labour actions associated with or directed against a ruling political party, or those that are directed against the Licensee (or its contractors or suppliers) as part of a broader pattern of labour actions against companies or facilities with foreign ownership or management, (d) expropriation, requisition, confiscation, nationalization or compulsory acquisition by a *Governmental Authority* of the Licensee or any substantial

portion of the *Assets*, (e) acts of war (whether or not declared), invasion, blockade or embargo, (f) acts of threats of terrorism or threat from terrorists, widespread riot, widespread violent demonstrations, widespread armed insurrection, widespread rebellion or revolution, (g) the closing or drastic reduction in capacity of public harbours, ports, docks, canals, roads, airports or other infrastructure, the rationing thereof or any import or export restrictions, or (h) to the extent that they result in disruption of the Licensee's ability to receive shipments of fuel, major equipment or critical spare parts, any strikes, work to rule, go-slows or other labour disturbances that occur outside of the commonwealth of Dominica

"*Generation Code*" means the Generation Code prepared by the Licensee, and approved by the Commission;

"*Generating Facility*" means any power plant and associated equipment owned or controlled by the Licensee pursuant to its Generation Licence.

"*Generation Performance Standards*" mean the standards of performance approved by the Commission pursuant to the Generation Licence issued to the Licensee;

"*Generation Set*" means any plant or apparatus for the production of electricity;

"*Government*" means the Government of the Commonwealth of Dominica

"*Governmental Authority*" means any (a) national, municipal, central or local government, department, central bank, court, council, commission, board, bureau, tribunal, agency or instrumentality of the Commonwealth of Dominica or (b) any subdivision, agent, commission, board or authority of any of the foregoing.

"*Governmental Requirement*" means all Acts, statutes, orders, ordinances, injunctions, constitutional provisions, treaties, licences, notices, rules, rulings, regulations, concessions, decisions, authorizations, consents, decrees, permits, proclamations, instructions, certifications, judgments, verdicts, confirmations, approvals, filings or similar items of, or granted by, any *Governmental Authority* which are applicable to the Licensee.

"*Integrated Business*" means the utility business of the Licensee comprising its Generation Licence and its Transmission Distribution and Supply Licence;

"*Minister*" means the Minister with portfolio responsibility for Electricity.

"*Outside person*" means any *person* who is not an *Affiliate* of the Licensee;

"*Person*" means an individual, a partnership, a joint venture, a corporation, a limited liability company, a limited liability partnership, a trust, a self-regulating organization, unincorporated organization or a governmental entity or any department or agency thereof.

"*Power Purchase Agreement*" means a contract for the provision of the whole or any part of the available capacity and/or the sale or other disposal of the whole or any part of the output of a Generation Unit or combination of Generation Units;

"*Regulatory Accounts*" means the reports on the financial and operating performance of the Licensee in such detail and format as designated by the Commission.

"*Regulatory Fees*" means the Fees prescribed by the Commission from time to time that are in force under Section 17 of the ESA;

"*Service Territory*" means, for the purpose of this Licence the entire island of Dominica;

"*Site*" means any land upon which any *Generation Facility* or any other part of the *System* is located or proposed to be located and any building or other physical structure located or proposed to be located on such land.

"*Subsidiary*" shall have the meaning specified in **the Companies Act**;

"*System*" means the transmission and distribution network consisting wholly or mainly of electric lines owned or operated by the transmission and distribution Licensee and used to transmit electricity and includes any electrical plant and meters owned or operated by that Licensee in connection with the transmission and distribution of electricity;

["*Technical Inspector*" means the Technical Inspector designated as such under the provisions of section 36 of the ESA;]

Transmission, distribution or supply licence means a licence granted under Section 30 of the ESA authorising the Licensee to carry out the transmission, distribution or supply of electricity;

"*Transmission Line*" means any electric power line operating at 33, 000 volts or higher.

"*Transmission, Distribution and Supply Business*" means the business of the Licensee in the planning, development, construction and maintenance of the System and the operation of such system for the transmission, distribution and supply of electricity.

"*Transmission System*" means that part of the electricity system that operates at 33,000 volts or higher;

4. The Schedules attached to this Licence form part of the Conditions.
5. Unless expressly stated otherwise, any reference to "this licence" is a reference to the Transmission, Distribution and supply authorizations as provided for at **S.29.(1)** of the ESA.
6. Any reference in a Condition of this Licence to a numbered paragraph is a reference to the paragraph bearing that number in the Condition in which the reference occurs.
7. In interpreting this Licence, headings shall be disregarded.
8. Any reference in this Licence to an Act shall include that Act as from time to time amended, extended, re-enacted, revised or consolidated whether before or after the date of this licence; and all statutory instruments, regulations or orders made thereunder.
9. Where in this Licence the Licensee is required, pursuant to **Section 41** of the ESA, to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit and the provisions of the ESA shall apply in respect of non-compliance where applicable.
10. A document will be incorporated into and form part of the Conditions if it is referred to in the Conditions and reference to such a document is to that document as varied from time to time
11. The masculine gender shall include the feminine and neuter, and the singular shall include the plural, and vice versa, and words importing persons shall include firms or companies.
12. The provisions of the Interpretation and General Clauses Act shall apply for the purposes of the service of any document pursuant to this Licence.

Condition 2: Scope of the Licence

1. The Licensee is, for the purpose of this Licence, *Dominica Electricity Services Limited* whose address for the purpose of this Licence is 18 Castle Street, Roseau, Commonwealth of Dominica.
2. This Licence authorizes and gives the Licensee the right and privilege to purchase, transmit, distribute and supply electricity for sale to the public of the Commonwealth of Dominica and to construct, reconstruct, modify or replace the transmission and distribution facilities for these purposes subject to the conditions of this Licence and the ESA.
3. The Licensee, subject to the conditions of this Licence, the ESA and other relevant laws, has the exclusive right to develop, build, own and operate the transmission and distribution network for the “on island” public electricity supply system; subject to the following:
 - i. Developers of generating facilities that will interconnect with the public electricity supply on the basis of power purchase agreement (PPA) with DOMLEC, will as a general rule be required to provide interconnection to the DOMLEC system at the high voltage (hv) side of the generator step up transformer. Under specific circumstances, subject the approval of and grant of a transmission licence by the Commission the developer may build, own and operate the transmission interconnector to the DOMLEC system;
 - ii. Developers of energy resources that are primarily intended for cross border sale of electricity will, with the approval of and grant of a transmission licence by the Commission build, own and operate the associated transmission system infrastructure. If circumstances require, the developer will be eligible for a transmission licence to build and operate the transmission system to interconnect with the DOMLEC system.
4. The Licensee has the exclusive right to supply, for sale, electricity to third parties for public and private purposes in the service territory; for which purpose the Licensee is entitled to bill consumers and customers for the electricity supplied at the rates and charges approved by the Commission.
5. Notwithstanding the provisions of Clause 4 of this Condition 2, the Commission will allow and issue licences for third party supply to any development areas where it is demonstrated that it would be uneconomical for DOMLEC or DOMLEC is unwilling to extend its electricity supply system to any such area.

6. For the purposes of satisfying the various references in the Act , the Licensee is designated as the ‘transmission system operator’, the distribution system operator” and the “system operator”.
7. The Licensee shall be a company incorporated in Dominica.

Condition 3: Term and Renewal of Licence

1. Subject to the provisions herein contained the term of this Licence shall be [twenty (20)] years from the date hereof (hereinafter called "the date of the Licence").
2. At any time after the [sixteenth] anniversary but prior to the [seventeenth] anniversary of the Licence Commencement Date, the Licensee may serve notice on the Commission requesting a renewal of this Licence.
3. Within one hundred and eighty days of receipt of the notice under Clause 2 of this Condition 3, or such further period as may be agreed with the Licensee, the Commission shall notify the Licensee whether or not it agrees to a renewal of the Licence subject to the same Conditions or on any modified Conditions, subject to the licensee providing all necessary information to the Commission to enable it to make the notification within the required time.
4. The Commission shall have the right to amend, or revoke this Licence in accordance with the ESA, and the related Rules issued by the Commission

Condition 4: Cessation

1. If the licensee proposes to cease to carry on the Transmission, Distribution and Supply businesses which are the subject of this Licence, it shall give not less than two years notice in writing to the Commission of the proposal and its plans in relation to the cessation. Such cessation shall be effected only with the consent of the Commission and in accordance with any directions given by the Commission in relation thereto and the Licensee shall comply with any such directions.
2. At any time within three years before the expiry of the License or if the Commission receives a notice under clause 1 of this Condition 4 or if the Commission has made a decision pursuant to Section 30 of the ESA to suspend or revoke the License, the Commission may after consultation with the Licensee direct it in writing to take such steps as are specified in the direction, being steps that it considers necessary or expedient to ensure the safety, continuity and continuation of electricity Transmission,

Distribution and Supply, and the licensee shall comply with any such directions.

Condition 5: Assignment or Transfer of Licence

1. This Licence shall not be assigned or transferred without the prior consent of the *Commission* which shall be given in writing.

Condition 6: Transfer of Shares or reorganisation of capital structure of the Licensee

1. The Licensee shall advise the Commission in writing of any proposal to transfer shares in the ownership of the licensed business which will have the effect of: changing the controlling interest in the Licensee.

2. The Licensee shall, as soon as is reasonably practical, provide such information to the Commission as may be required by the Commission to satisfy itself, pursuant to S.28 of the ESA, that the persons acquiring control or ownership in the circumstances set out above are “fit and proper persons” to have such control or ownership.

3. Where the Commission has been notified by the Licensee or otherwise becomes aware of any of the circumstances set out in Clause 1 of this Condition 5 and the Commission has determined that such a person or group of persons are not “fit and proper persons” to have control of the Licensee or its Parent Company, the Commission may:

a) In the event of a proposed acquisition of shares in the Licensee, refuse to allow the proposed transfer of shares; or

b) In the event of an acquisition of shares in either the Licensee or its Parent Company:

- i. Impose such conditions on the Licensee as it deems necessary;
- ii. Issue a directive or directives to the Licensee as to the management and operations of the licensee; or
- iii. Revoke the Licence where it determines, in consultation with the government, that such revocation is necessary for reasons of the national security or public interest of the Commonwealth of Dominica.

4. For the purposes of S. 29 of the ESA, it is hereby confirmed that **Dominica Private Power Ltd** whose registered address is vvvvvvvv, **WRB Enterprises Inc** whose registered address is pppppp and **Dominica Social Security** whose registered address is xxxxxx are “fit and proper persons”

5. Any proposed reorganization of the capital structure of the Licensee shall be on such a basis where it meets the ruling conditions in major international financial markets which include the Eastern Caribbean Securities Exchange.

Condition 7: General Obligations of the Licensee

1. The Licensee shall purchase, transmit, distribute and supply electricity in the service territory consistent with internationally accepted standards of prudent utility practice.

2. Subject to the provisions of this Licence, the Licensee shall provide an adequate, safe and efficient service based on modern standards, to all parts of the Commonwealth of Dominica at reasonable rates so as to meet the demands of the Island and to contribute to its economic development.

3. Subject to the provisions of this Licence and Directions of the Commission, the Licensee shall ensure that the development of the public electricity supply system is implemented based on agreed long term planning procedures and methodologies and that investments are made consistent with such plans and in conformity with prudent utility practice so as to ensure adequacy and continuity of supply at the least economic cost and thus meet the demands of the Island and contribute to its economic development.

4. The Licensee shall provide transmission access and service, and interconnection access and service, on a non discriminatory basis on facilities that it operates, and as soon as practically possible in response to service requests by generation licencees

5. The Licensee shall comply with the provisions of the Generation Code, Transmission and Distribution Code or any other codes developed to assure the safety and integrity of the system, the safety and well being of the public and the protection of the environment.

6. The Licensee shall comply with the ESA.

7. The Licensee shall comply with any directive, order, rule, decision or approval issued, made or granted by the Commission in accordance with its duties and functions under the ESA.

8. The Licensee shall comply with any other Act of the Commonwealth of Dominica that has application to it in the discharge of its performance under this Licence.

9. Subject only to its exclusive rights conferred under this Licence, the Licensee shall (a) shall not take or omit to take any action or otherwise conduct itself in a manner which is intended to have, has or is likely to have the effect of restricting, distorting or preventing competition in the procurement of generation capacity; and (b) comply with any direction issued by the Commission for the purpose of preventing any practice or arrangement that has the object or effect of preventing, restricting or distorting such competition .

Condition 8: Reporting Obligations

1. The Licensee shall furnish to the Commission, without undue delay, such information, documents and details related to the Transmission, Distribution and Supply Business or any other related Business of the Licensee, as the Commission may reasonably require in order for it to fulfill its functions and discharge its obligations under the Law.

2. The Licensee shall consolidate its reports, as required under its generation license, and submit these where practicable and convenient as an integral part of the reports that are required under this license.

3. The Licensee shall submit to the Commission (within fifteen days of the end of each quarter taken on a calendar year basis) such reports as the Commission may require relevant to monitoring the Licensee's compliance with this Licence and environmental and statutory requirements.

4. The Licensee shall in addition to the Audited Financial Statements required under **Clause 4 of Condition 12** submit its Annual Report of its operations for the relevant year to the Commission.

5. The Licensee shall provide annual operating and financial statistics in such detail as the Commission may direct from time to time.

6. The Licensee shall provide the Commission on a quarterly basis, a report with monthly detail of energy sales, peak demands and numbers of customers in each billing class.

7. The Licensee shall provide a quarterly report of monthly operating statistics relevant to monitoring the reliability of the T & D System and translate these into indices of **SAIDI, SAFI and CAIDI and such other performance indicators as the Commission may direct.**

8. The Licensee shall provide by the fifteenth day of each month data on forced and planned outages identifying date, time and duration of the outage,

areas affected, numbers of customers affected, and in the case of forced outages reasons for the outage.

9. The Licensee shall provide such other reports to *the Commission* as may be reasonably specified from time to time.

10. The licensee shall prepare and submit to the Commission a five year forecast of projected loads and generation requirements as often as considered necessary by the Commission but no less than annually.

11. The Licensee shall provide the Commission with the Capital investment Plan each year, in accordance with **Condition ttt** which will subject to the Commission's review and approval.

12. The Licensee shall, in accordance with good industry practice, maintain and keep all appropriate books, records and accounts in respect of the activities to which this Licence relates.

Condition 9: Audit Rights of the Commission

1. Pursuant to its powers under Sections 19 and 39 of the ESA, *The Commission* and its agents shall be entitled during the normal business hours and without notice to attend at any premises from time to time owned or occupied by or in the possession of the Licensee for the purpose of undertaking audits, inspecting any books, records and accounts of the Licensee to which this Licence relates and the Licensee shall fully co-operate and assist *the Commission* for such purposes. Notwithstanding this obligation, the Licensee shall not be compelled to provide information which it could not be required to reveal in a civil action. The Licensee shall at the request of the *Commission* furnish *the Commission*, at the Licensee's expense, with a copy (in such format as *the Commission* may specify) of any book, record or accounts as *the Commission* may reasonably require.

Condition 10: Licence fees and Regulatory fees

1. The licensee shall be liable for the payment of Licence fees as follows:
 - i. A lump sum Licence fee of **EC\$ xxxx** payable at the date of this licence
 - ii. Regulatory fees of **yyy%** of the Licensee's non fuel revenues (computed on the basis of revenues earned for the immediate prior financial year as evidenced from the audited accounts) payable on January 1 2011 and on the first of January for each subsequent year during the term of the licence.

The regulatory fees shall, in January, be calculated based on the unaudited statements available for November of the prior year and adjusted to December based on the Licensee's projections. When the final figure is subsequently available from the results of the audited statements, the appropriate adjustment will be made by either a credit to the Licensee's account or an additional payment by the Licensee to make good the shortfall.

Condition 11: Early Retirement of Assets

1. The Licensee may retire assets, provided that any decision to retire assets early shall be subject to the approval of the Commission which approval shall not be unreasonably withheld. On any early retirement of assets, the Licensee shall be allowed to recover the net book value of all transmission and distribution assets whether those assets are on its books at the effective date of this Licence or additions to the Licensee's Rate Base during the term of the Licence. This financial recovery shall be independent of whether these assets are physically retired before the end of their book life based on economic evaluation or any change in Government policy or regulatory action. Such recovery shall take place through the continued depreciation of such assets until the end of their book life. The Licensee's accounting for any retirement will be in accordance with the **Conditions XXXX etc** of this Licence and the Licensee's Rate Base shall not otherwise be affected by such retirement.

Condition 12: Accounts to be kept by the Licensee

1. The financial year of the Licensee at the date of this Licence is 1st day of January to 31st day of December. The Licensee may change its financial year with the approval of the Commission, which approval shall not be unreasonably withheld.
2. Financial Statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) or such other generally accepted accounting principles as the Licensee may select with the Commission's approval.
3. The Licensee shall maintain such regulatory accounts as may reasonably be specified by *the Commission* consistent with generally accepted accounting principles. The Licensee shall maintain separated regulatory accounts for its activities under its Generation Licence in a manner prescribed by *the Commission*.

4. The Licensee shall in respect of the *Integrated Business*:
 - a. keep or cause to be kept for the period and in the manner required by the Companies Act such accounting records as would by the Companies Act be required to be kept.
 - b. prepare on a consistent basis from such accounting records, accounting statements which conform to generally accepted accounting practices, state the accounting policies adopted, and are in such form and in such detail as *the Commission* may from time to time reasonably require;
 - c. procure in respect of accounting statements prepared in accordance with this Condition, a report by the Licensee's auditors for the time being and addressed to *the Commission* stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the *Integrated Business*; and
 - d. deliver to *the Commission* a copy of the accounting statements required to be prepared by this Condition together with the Auditor's report referred to clause 4(c) of this Condition as soon as reasonably practical and in any event within 3 months after the end of the period to which they relate.

5. The Licensee shall in respect of its financial affairs:
 - a. keep and prepare such accounts and accounting statements for, and as at the end of each financial year, as would be required by the Companies Act to be kept by the Licensee; and
 - b. procure in relation to such accounting statements a report of the auditors addressed to *the Commission*, and deliver a copy of such accounting statements to *the Commission*, in accordance with, mutatis mutandis, the requirements of Clauses 4(c) and 4(d) of this condition 11.

Condition 13: Economic Purchasing of Goods and Services

1. The Licensee shall purchase or otherwise acquire goods and services from the most economical sources available to it having regard to the quantity, timing

and nature of the goods or services required to enable discharge of its obligations under this Licence.

2. The Licensee shall, if requested by *the Commission* submit to *the Commission* its procedures for procurement.
3. Nothing in the foregoing shall preclude the company from outsourcing for goods and services through or from connected parties so long as the Licensee can demonstrate at all times that such procurement is on terms which would obtain if such goods and services were procured competitively and that the transaction has been conducted on an “arms length” basis..

Condition 14: Amendment of Licence

1. The provisions of S 35 of the ESA and any related orders and regulations issued by the Commission shall determine the procedure for amendment of the Licence.
2. This Licence may be amended at any time during the term by agreement, confirmed in writing, between the Licensee and the *Commission*.

[Condition 15: Revocation of Licence

1. The *Commission* may initiate proceedings to revoke this licence, pursuant to S. 34 of the ESA and any related orders issued by the *Commission* where the Licensee:
 - a) Is in material breach of this Licence;
 - b) Persistently breaches any Condition attached to this Licence or repeatedly contravenes the ESA or any other relevant Act;
 - c) Is dissolved;
 - d) Is wound up or declared bankrupt;
 - e) Is convicted of any offence under the ESA or any other Acts of the Commonwealth of Dominica;
 - f) Is to be or is struck off the register of companies
 - g) Compounds with its creditors to the detriment of the public interest;
 - h) Acts in a manner which compromises the national security or the public interest of the Commonwealth of Dominica
 - i) Obtained this licence by false, fraudulent or misleading representation or in some other illegal manner; or
 - j) Having been notified by the Commission of the breaches of the Licence that would lead to revocation, fails to rectify such breaches within the period stipulated in the notice.

- 2 Notwithstanding Clause 1 of this Condition 14, the Commission may, in lieu of revocation, exercise its options pursuant to S 34 (1) of the ESA, if in the public interest.
- 3 The Commission shall, before revoking the Licence:
 - a) Issue written notice to Licensee of intention to revoke, providing reasons and indicating that revocation would become effective in not less than 90 days of the issuance of the notice.
 - b) Shall give the Licensee 30 days to respond and 60 days to remedy the breach.
- 4 Subject to the provisions of Clause 3 of this condition 14, on the expiration of 90 days after the issuance of the notice given at Clause 2 above the Commission shall revoke the Licence.
- 5 Upon revocation of this Licence, the *Commission* shall give notice, pursuant to S 34 of the ESA; of its intention to compel compulsory divestiture of Licensee's Generating Facilities. The price shall be equal to seventy-five percent (75%) of *Fair Market Value*. *Fair Market Value* shall be determined by a mutually agreed panel of three qualified valuers with experience in valuing Generating facilities
- 6 [Notwithstanding the provisions above, the Commission, after consultation with the Government, shall initiate revocation procedures for reasons of national security or the public interest of the Commonwealth of Dominica.]
- 7 Notwithstanding the issuance of the *revocation notice*, the Licensee shall, unless requested otherwise by the *Commission*, continue to operate the *System* and the *Transmission, Distribution and Supply Business* in accordance with prudent utility practice or at the same standards that were used to operate the *System* prior to the date of the *revocation notice*, whichever is higher.
- 8 At any time after the revocation of the Licence but prior to the sale of the *Transmission, Distribution and Supply Business* pursuant to this Condition 10, if the Licensee demonstrates to the reasonable satisfaction of the Commission that the failures which gave rise to the revocation (and any ensuing failures) have been cured and the Licensee is capable of fulfilling its obligations under the Licence, the *Commission* may, on the request of the Licensee or on its own authority at any time withdraw the *Revocation Notice* and notify the Licensee that it is no longer required to seek offers for the purchase of its *Transmission, Distribution and Supply Business*.

9 Fair market value for these purposes shall be considered to be the value of the Transmission Distribution and Supply business as being the *fair market value* of an ongoing business concern including this Licence and all lands, building, works, materials, plant and property of all kinds whatsoever suitable to or intended for the purposes of the undertaking. *Fair market value* shall be determined by a mutually agreed team of independent valuation experts]

Condition 16: Force Majeure

1. To the extent that the Licensee is prevented by Force Majeure from carrying out, in whole or in part, its obligations under this License, the Licensee shall as soon as practicable:
 - a) give notice to the Commission providing details of the Force Majeure conditions to the Commission;
 - b) provide details of the specific obligations which the Licensee believes it will be unable to meet as a result of the Force Majeure conditions;
 - c) request a suspension of the specific obligations and the period for which the suspension should apply.
2. On receipt of a request for suspension of specific obligations under the Licence, due to Force Majeure conditions, from the Licensee, the Commission shall determine the validity of the request and grant such suspension on such terms as it deems appropriate to the circumstances.
3. The Licensee shall take all reasonable necessary steps to enable it to perform its obligations under the Licence with all reasonable dispatch after the period of Force Majeure has ceased.

Condition 17: Reconsideration and Appeal of Commission Decisions

1. Within 21 days of the issuance of a Decision by the Commission, the Licensee may request the Commission to reconsider its decision stating the reasons and circumstances for such request which shall be limited to
 - a. errors of fact;
 - b. errors of Law; or
 - c. new circumstances which had been brought to the attention of the Commission by the Licensee during the proceeding and could have a material impact on the Decision had it been taken into account.
2. If the Licensee is aggrieved by the Commission's decision on a request for reconsideration, the Licensee has the right of recourse to appeal the decision in the courts of Dominica.

Condition 18: Notices and Communication

1. Notices, orders and other documents under this Licence may be in writing or in print or in electronic format (permitting confirmation of receipt) and shall, if served on:
 - (a) *the Commission*, be addressed to:
The Executive Director; and
 - (b) the Licensee, be addressed to:
The Managing Director/Chief Executive Officer

at the address, facsimile and email addresses communicated by the respective parties to each other from time to time.

2. Any notice, order or document required or authorized to be served upon any body or person under this Licence may be served by the same being addressed to such body or person and being left at or transmitted by electronic mail or facsimile or by registered post to the address of such body or to the usual or last known place of abode of such person. If served by post it shall be deemed to have been served at the time when the containing letter would be delivered in the ordinary course of post and in proving such service it shall be sufficient to prove that such letter was properly addressed, registered and put into the post. If served by electronic mail or facsimile it shall be deemed to have been served when the electronic mail or facsimile shall have been transmitted by the sender.

3. Notwithstanding the above, the Licensee shall designate a person that will act as a primary contact with the Commission on matters related to this Licence. The Licensee shall notify the Commission promptly should the contact details change.

PART III: SPECIAL CONDITIONS APPLICABLE TO THE LICENSEE AS SYSTEM OPERATOR

Condition 19: Duties as System Operator

1. The Licensee shall be responsible for dispatching sufficient Generating Capacity to meet system requirements in a prudent manner, taking into consideration various operating considerations, including but not limited to least-cost, planned generator maintenance schedules and operating reserves (both on-peak and off-peak) and subject to the terms and conditions of the PPAs.
2. The Licensee shall as far as is practicable and safe dispatch available generation in such a manner that the energy produced and dispatched is at the least cost to consumers.
3. The Licensee shall purchase some or all of its power requirements from Generation Licensees other than itself pursuant to the PPAs.
4. The Licensee shall purchase the electricity output from renewable or alternate energy sources on an energy only or capacity and energy as appropriate in accordance with the procedures agreed with or established by the Commission and relevant PPAs.
5. The Licensee is responsible for the procurement of adequate generation supply, in terms of required energy, capacity and ancillary services to fully meet the needs of its Consumers, subject to the process for addition of capacity and energy as established by the Commission.
6. Except as authorized by the Commission in connection with purchases of renewable energy from customer-owned generation for self-supply, the Licensee shall not purchase electricity from any Person other than a Generation Licensee and may not purchase electricity from a Generation Licensee except in accordance with the relevant PPA.
7. Subject to satisfactory inspection of the Interconnection on behalf of the Commission and by the Licensee, Consumers who generate renewable energy for self-supply may sell energy to the Licensee, and the Licensee shall purchase such renewable energy at rates to be proposed by the Licensee and approved by the Commission. The Licensee shall file with the Commission, from time to time, its proposals that describe the basis on which, and the rates at which,

such Consumers may sell energy to, and purchase energy from, the Licensee, which proposal will be subject to the Commission's review and approval.

Condition 20: Duty to secure [long term] system security and reliability

1. Pursuant to the Commission's duty under the Act to *"ensure the security and efficiency of the supply of electricity in Dominica, through the conduct of an efficient long term planning process with due regard for future potential generation sources such as geothermal and wind energy"*, the Licensee shall periodically prepare and update, in accordance with procedures established by the Commission, an Integrated Resource Plan and Least Cost Expansion Plan.
2. *The Commission*, when satisfied, after due consultation, that the Plans represent the least economic costs for system expansion consistent with internationally accepted best industry practice, will approve the Plans following which the Licensee shall be committed and bound to implementing the approved Plan.
3. Notwithstanding Clause 1 of this Condition 20, the Licensee shall prepare and/or update the Least Cost Expansion Plan at any time when reasonably requested by the Commission.
4. Complementary to the provisions of clauses 1, 2 and 3 of this Condition 20, The Licensee shall, on an annual basis, prepare and publish a statement, in a form approved by the Commission, showing, in respect of each of the five succeeding financial years, circuit capacity, forecast power flows and loading on each part of the Transmission and Distribution System and fault levels for each conveyance node, together with:
 - (a) information on the status of conveyance capacity and the anticipated future requirements of system capacity;
 - (b) a commentary prepared by the Licensee indicating the Licensee's views as to those parts of the Transmission and Distribution system most suited to new connections; and
 - (c) such other matters as shall be specified in directions issued by the Commission from time to time for the purposes of this Condition;
5. provided that the Commission may, upon application of the Licensee, relieve the Licensee from the obligation to prepare any such statement in respect of any period and any part or parts of Transmission and Distribution System specified in directions issued to the Licensee by the Commission from time to time for the purposes of this Condition.
6. The Licensee may, with the prior agreement of the Commission, omit from

any such statement (excluding the copy provided to the Commission) any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Commission, seriously and prejudicially affect the commercial interests of the Licensee or any third party.

7. The Licensee may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with clause 1 of this Condition 20 and shall, at least once in every year this licence is in force, and at such other intervals, as the Commission may direct, revise and republish such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
8. The Licensee shall send a copy of the statement prepared in accordance with clause 1 of this Condition 20 and of each revision of such statement in accordance with clause 3 of this Condition 20 to the Commission and the Commission may direct the Licensee to change any matters in the statement and the Licensee shall comply with such directions.
9. The Licensee shall publish the statement, and any subsequent revisions, specified at clause 1 of the Condition 20 on its website.

Condition 21: Procurement and addition of new Generation capacity

[All of this could be simplified if we agreed to issue the procedures as a Commission Order]

1. Pursuant to **Clause 9 of Condition 7**, the Licensee shall act in a manner intended to encourage competition in the procurement of new facilities for capacity and energy and, in so doing, shall comply with procedures established by the Commission.
2. New capacity shall be added based on [the recommendations (the outcome)] of the planning process referred to at **Condition 20** and in accordance with the approved Integrated Resource Plan/Least Cost Expansion Plan.
3. On an ongoing basis, the Commission shall be responsible for the solicitation process for new Generating Capacity. Unless the Commission approves a change in this procedure, this process will consist of a number of steps, as outlined below, some of which can proceed in parallel:
4. No less than [three years] in advance of the projected need, the Licensee will file, for the review and approval by the Commission, a Statement establishing the incremental amount of capacity for which the Commission would solicit. This Statement will indicate the projected [recommended] schedule which will

allow sufficient time for the Commission to conduct the procurement and for potential bidders to develop such project(s) in Dominica.

5. Following the approval and acceptance of the Statement, the Commission will prepare and publish the Request for Procurement (RFP) package, including the criteria (both quantitative and qualitative will be used) that they will use to evaluate bids, and the timetable for the solicitation. Bid evaluation criteria may include non-price factors (e.g., permitting, environmental, finance ability) and price factors (e.g. capacity, energy and total project cost). Criteria and relative weighting will be transparent and set forth in the bidding documents; greater weight will be attached to price factors than non price factors. A scoring system indicating the relative weights of the various factors influencing the evaluation of proposals will be developed by the Commission and described in the RFP to ensure that, in addition to the relative weighting of price and non-price factors, the relative differences in the bid prices among the bidders and the relative differences of the non-price attributes among the bidders are given appropriate consideration in the selection process.
6. [Well in advance of the projected need, the Commission will prepare and publish the minimum threshold requirements for bidders to be qualified to offer Generating Capacity in Dominica. These threshold requirements will be consistent with (and may be the same as) the Commission's generation licence requirements. The procurement will be open to all types of capacity that meet the required performance (e.g., including renewables if they can provide firm power). The Commission will then request expressions of interest from qualified parties, and will evaluate their submissions to ensure that they meet the minimum criteria for participation. The Commission will eliminate potential bidders that do not meet the minimum criteria. *This is a prequalification exercise – it may be desirable to go through this procedure so as to eliminate unqualified bidders at the real procurement – this may need tidying up a bit.*]
7. The Commission shall consider the Licensee (under the terms of its Generation Licence) to be a qualified bidder. The Commission will issue the RFP to the qualified bidders, with a specific deadline for responses.
8. In response to an RFP for new capacity, the Licensee will provide a bid to the Commission in a format comparable to the bids prescribed in the RFP and to compete with bids from other bidders. This bid will include information on project location, financing, permitting, etc, as well as price. The Licensee will provide its proposal to the Commission as a sealed bid in accordance with the schedule required of other qualified bidders.
9. If there is competition to the Licensee providing this capacity, the Licensee shall be able to put into its Rate Base the amount of its bid, if the Licensee is the

successful bidder. "Competition" shall be evidenced by the submission of one or more valid bids by one or more qualified bidders, in addition to the Licensee's bid. On the other hand, if there is no competition to provide the new capacity, by virtue of the Commission agreeing to "sole source" the procurement through the Licensee, then the Licensee may only place into its Rate Base an amount equal to its actual cost to build the new generation, an amount which the Licensee shall demonstrate to the Commission's satisfaction. The Commission shall review this proposed cost in a timely manner, using the Licensee's latest Capital Investment Plan and market information as indicators of cost, while making allowance for justifiable differences.

10. Bidders and/ or the Licensee shall not engage in anti-competitive practices in seeking to win the solicitation. The Commission will set and enforce level playing field rules for competitive bidding. All reasonable legal and professional fees incurred by the Licensees relating to disputes in the Generation Solicitation Process not covered by any award of costs shall be passed on to Consumers upon review and approval by the Commission, provided that the Licensee is successful in the relevant dispute.
11. The Licensee will develop a draft PPA to be included with the RFP, including such provisions as performance bonds, "step-in" rights, etc. For non-renewable projects, bidders must show fuel and lubricants as a separate component in their proposals so that, if they are successful, the Licensee can include that cost as a part of the Fuel Cost Charge in the rates to Consumers.
12. The Commission will receive and evaluate all responsive bids.
13. The Commission will conduct a detailed evaluation of the bids using the quantitative and qualitative criteria established in the RFP. The Licensee will support the process with transmission interconnection analysis of bids, if required by the Commission. Evaluation of bids shall be done strictly in conformity with the process set out in the RFP and the Licensees bid shall be evaluated equally with those received from other parties. As a principle bids shall be evaluated to determine the lowest cost to consumers either by determining the offer with the lowest evaluated cost per kWh, or by calculating the net present value of the PPA charges.
14. If the Licensee is not a successful bidder, the Licensee will negotiate a final PPA with the winner(s), including possible modification of the draft PPA as approved by the Commission. The final PPA will be submitted to the Commission for approval before it becomes effective. If the Licensee is the lowest bidder, the Licensee and the Commission will agree the terms and conditions for the acceptance of the plant and inclusion of the plant into the Licensee's Generation Licence.

15. The Commission will be responsible for managing the Generation Procurement Process and it may retain such professional assistance as it may consider necessary to assist in the process, the cost of which will be offset by the **tender fees** payable by all bidders.
16. The Generation Procurement Process shall include milestones to assure that the chosen Generation Licensee will bring the needed supply on line as required by the PPA, and the Generation Licensee will make available contingency funds to procure temporary Generation, in case it is unable to provide the Generating Capacity specified in the contract. The PPA will provide for penalties to be imposed on the Generation Licensee if any of the milestones are not achieved. These penalties should adequately compensate for any costs that may result from the Generation Licensee's default and therefore these costs should not be passed onto the consumer but absorbed by the Generation Licensee holding the PPA. The PPA should provide for penalties to cover the Licensee's legitimate costs for delay or for the failure of the Generation Licensee to supply power in accordance with the terms of the agreed PPA. The Licensee may apply to the Commission for recovery of any additional costs not covered by the PPA. The penalties likely to be incurred by any bidder applies equally to the licensee
17. If the bidder accepts the package approved by the Commission, the Commission will issue a Generation Licence to the successful bidder(s), and plant construction can begin. Preliminary development (e.g., applying for permits, land acquisition) is acceptable before approval of the Generation Licence, but the Commission and the Licensee are not responsible for any costs or commitments made by the bidder in this regard, and shall not be involved in such activity.
18. If the results of the solicitation are not acceptable to the Licensee or any bidder(s), the aggrieved parties will have recourse to the dispute resolution procedures.
19. [The non-pass-through components of the successful bidder's PPA would be an operating expense for the Licensee and would impact the Return on Rate Base calculation in the tariff. Any generation installed by the Licensee would represent an increase in Fixed Assets and would impact the calculation of Rate Base in the tariff. Additional operating costs, other than the pass-through components, would also impact the Return on Rate Base calculation. *Note: this clause will need further thought for applicability in the tariff regime and will reflect the agreements in the Generation Licence issued to DOMLEC]*

20. Since the Licensee remains obligated for the reliability of supply previously approved by the Commission, appropriate measures in the PPA will provide for penalties and bonds to be paid to the Licensee by the Generation Licensee under the PPA that will be used toward the recovery of uncontrollable costs incurred by the Licensee as a result of delay or failure of a Generation Licensee to deliver the contracted generation. The Licensee may apply to the Commission for recovery of any additional costs not covered by these safeguards. *[Will probably need similar guarantees from the Licensee (DOMLEC) if the Licensee is the successful bidder?]*

Condition 22: Encouragement of the development of Renewable Energy resources

1. In the event of any renewables-only solicitations by the Commission, the Licensee will support the solicitation process with technical information and advice to the Commission as requested. Notwithstanding such renewables-only solicitations by the Commission, the Licensee may consider renewable projects on a case-by-case basis and negotiate PPAs with such projects subject to Commission approval. All renewable generation secured by the Commission or the Licensee must be consistent with Government policy.
2. Government policy will determine the best means to encourage renewables, both at the wholesale and customer owned on-site levels. Government shall consider the Licensee's recommendations and "best practices", and other inputs in developing such policy. The Commission will implement Government policy in this area.
3. As with firm power, the Generation Licensee will pay the cost of interconnection. The cost of non-firm renewables provided by a Generation Licensee would be included in a direct pass-through charge to Consumers, with no cost or financial benefit to the Licensee. This assumes that the renewable project was not awarded a PPA as the result of a firm power solicitation pursuant to **[Condition 21]** above, in which case, those provisions would apply.
4. Within three months after the effective date of this Licence, the Licensee will propose to the Commission the principles, prices and limits (if any) to be applied in the purchase of non- firm renewables power from independent Generation Licensees, which either provide power exclusively for the Licensee or for both the Licensee and on-site usage.

5. [To reduce dependence on fossil fuels and encourage renewables, the Licensee may propose (with justification) that such purchases of power take place at prices at or above those of its most economic short-run alternative (the Licensee's avoided cost), a cost that would be passed onto Consumers. If such purchases would increase consumer costs, the Licensee's proposal should recommend whether to impose a limit on such energy, and whether such a limit would vary over time. If the Licensee recommends such a limit, the Licensee shall justify the proposed limit and identify the Licensee's current avoided cost and how it would be calculated in the future. After review and consultation with the Licensee, the Commission will recommend to Government an appropriate policy framework for purchase of non-firm power from renewable resources. *Note: this clause will reflect government policy and any other regulatory policies issued by the Commission – so we will await these*]

PART IV: SPECIAL PROVISIONS APPLICABLE TO TRANSMISSION

Condition 23: Duties of the Licensee

1. The Licensee shall develop and maintain an efficient, coordinated and economical system of electricity transmission in the island of Dominica.
2. The Licensee shall provide access to its transmission and/or distribution system as appropriate, and interconnection access and service, on a non-discriminatory basis on facilities that it operates to requests by generation licencees and, where appropriate, transmission licensees.

Condition 24: Standards

1. The Licensee shall design, specify and build the transmission system in accordance with the latest revisions of the following standards (or the equivalents approved by the Commission):
 - a. Transmission line design and construction XXXXXXXX
 - b. Line materials, cables, fittings and hardware XXXXXXXX
 - c. Substation design and construction XXXXXXXX
 - d. Equipment, transformers, fittings, relays, etc XXXXXXXX
2. Where not specifically defined, the Licensee shall adopt the relevant XXXX standards for the transmission system.
3. Within 90 days of the date of this Licence, the Licence shall deposit with the Commission a schedule of the applicable standards that relate to its transmission operations along with the references in soft copy.

Condition 25: Service Levels

1. The Licensee shall develop and operate the transmission system so as progressively to achieve service levels in line with international best practice and such other benchmarks as the Commission, after consultation with the Licensee, may direct from time to time.
2. Without limiting the requirements of clause 1 of this Condition 25, the Licensee shall, at the request of the Commission, submit to the Commission a plan setting out its strategy for achieving the target levels that will have been established in accordance with clause 1 of this Condition 25.

3. The Commission may direct the Licensee to update and resubmit the Plans from time to time.
4. The Commission may direct the Licensee as to matters to be included in the Plans and may amend or replace such direction from time to time.
5. The service level targets and the Plans submitted by the Licensee or any revisions thereof, once approved by the Commission, shall form part of this Licence as a Condition and the Licensee shall be deemed to be in breach of its Licence if the target levels are not achieved.
6. Within thirty days of the end of each six month period during the Term, the Licensee shall provide the Commission with a written report on its achievements under the Plans during the preceding six month period, as set out in clause 2 of this Condition 25.
7. The Licensee shall comply with any directions issued by the Commission from time to time, regarding any other quality of service indicators and measurement methods for the transmission business and shall, as and when required, supply to the Commission the results of its measurements of actual performance against any quality of service indicators and measurements so specified, and the Commission may publish or require publication of such information as it considers appropriate.

Condition 26: Development of and Compliance with Technical and Operational Codes

1. The Licensee shall, in consultation with any other Licensee liable to be materially affected thereby and such other persons as the Commission shall consider appropriate, develop and implement, at the request of the Commission, such technical and operational codes as the Commission may, from time to time, direct.
2. The Licensee shall, in consultation with any Licensee liable to be materially affected thereby and such other persons as the Commission shall consider appropriate, periodically review (including at the request of the Commission) such technical and operational codes as are developed and implemented by the Licensee pursuant to clause 1 of this Condition 26.
3. Following the development of any technical and operational codes pursuant to clause 1 of this Condition 26 and the review of any such codes, the Licensee shall send to the Commission:
 - (a) a report on the outcome of any consultation and of the review as the

case may be; and

- (b) any proposed revisions to any such code from time to time as the Licensee (having regard to the outcome of any consultation or review) reasonably thinks necessary; and
 - (c) any written representations or objections from any Licensee arising during the consultation process and not withdrawn.
4. Having considered the information provided pursuant clause 3 of this Condition 26 and such other information as the Commission considers appropriate, the Commission may direct the Licensee to change any technical and operational codes developed pursuant to clause 1 of this Condition 26 and the Licensee shall comply with such directions.
 5. The Licensee shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Licensee pursuant to this Condition to the Commission and at the same time the Licensee shall make this information available generally by way of publication on the Licensee's website
 6. The Licensee shall comply with the provisions of any approved technical and operational codes insofar as applicable to it.
 7. The Commission may, following consultation in relevant circumstances with any Licensee liable to be materially affected thereby and such other Licensees and other parties as the Commission shall consider appropriate, issue directions relieving the Licensee of its obligation under clause 6 of this Condition 26 in respect of such part or parts of any approved technical and operational codes to such extent as may be specified in those directions.

PART V: SPECIAL PROVISIONS FOR DISTRIBUTION AND SUPPLY

Condition 27: Duties of the Licensee

1. The Licensee shall develop and maintain an efficient coordinated and economical system of electricity distribution and supply to consumers and its customers, in the service territory.
2. The Licensee shall at all times during the term of this Licence or any extension thereof furnish and maintain a distribution system and supply of electricity for public and private use in accordance with reasonable standards of safety and dependability as understood in the electricity supply business.
3. The Licensee shall provide access to its distribution system on a non-discriminatory basis on facilities that it operates to requests by generation licencees and, where applicable, to transmission licencees
4. The Licensee has a duty to connect any person any person desiring to obtain electric service who enters or is qualified to enter into an agreement with the Licensee in such form as may be established by the Licensee from time to time with the approval of *the Commission*
5. The Licensee shall have regard to the provisions of Section 33. (3), (4) (5) and (7) of the Act.

Condition 28: Service Levels

1. The Licensee shall develop and operate the electricity supply system so as progressively to achieve service levels in line with international best practice and such other benchmarks as the Commission, after consultation with the Licensee, may direct from time to time.
2. Without limiting the requirements of clause 1 of this Condition 28, within four months of the Licence Commencement Date the Licensee shall submit to the Commission a plan setting out its strategy for achieving the target levels that will have been established in accordance with clause 1 of this Condition 28.
3. The Commission may direct the Licensee to update and resubmit the Plans from time to time.

4. The Commission may direct the Licensee as to matters to be included in the Plans and may amend or replace such direction from time to time.
5. The service level targets and the Plans submitted by the Licensee or any revisions thereof, once approved by the Commission, shall form part of this Licence as a Condition and the Licensee shall be deemed to be in breach of its Licence if the target levels are not achieved.
6. Within thirty days of the end of each six month period during the Term, the Licensee shall provide the Commission with a written report on its achievements under the Plans during the preceding six month period, as set out in clause 2 of this Condition 28.
7. The Licensee shall comply with any directions issued by the Commission from time to time, regarding any other quality of service indicators and measurement methods for the distribution and supply business and shall, as and when required, supply to the Commission the results of its measurements of actual performance against any quality of service indicators and measurements so specified, and the Commission may publish or require publication of such information as it considers appropriate.

Condition 29: Standards

1. The Licensee shall design, specify and build the Distribution system in accordance with the latest revisions of the following standards (or the equivalents approved by the Commission):
 - a. Distribution line design and construction XXXXXXXX
 - b. Line materials, cables, fittings and hardware XXXXXXXX
 - c. Equipment, transformers, fittings, relays, etc XXXXXXXX
2. Where not specifically defined, the Licensee shall adopt the relevant XXXX standards for the distribution system.
3. The Licensee shall design, operate and maintain the distribution and supply infrastructure in accordance with the applicable XXXX standards.
4. Within 90 days of the date of this Licence, the Licensee shall deposit with the Commission a schedule of the applicable standards that relate to its distribution and supply operations along with the references in soft copy.

Condition 30: Security and Safety of Supply

1. The Licensee shall make arrangements to keep each of its customers informed of the postal address and telephone number of an enquiry service established and operated for the purposes of receiving reports from any person about any matter or incident that:
 - (a) causes danger or requires urgent attention, or is likely to cause danger or require urgent attention, in relation to the supply or supply of electricity; or
 - (b) affects or is likely to affect the security, availability or quality of service of the Licensee's supply system through which the relevant customer is supplied with electricity.
2. The enquiry service referred to at clause 1 of this Condition 30 must be:
 - (a) provided without charge to the customer;
 - (b) available to receive and process telephone reports and enquiries at all times on every day of each year; and
 - (c) operational on the date of this Licence.
3. The Licensee may discharge the duty imposed by clause 1 of this Condition 30 by providing the requisite information to each of its customers:
 - (a) on the occasion of the customer first commencing to take a supply from the Licensee; and thereafter
 - (b) either:
 - i. where bills or statements in respect of charges for the supply of electricity are rendered to the customer, on a quarterly basis (it being sufficient that the information is included on or with any bill or statement); or
 - ii. in any other case, on an annual basis;

and by publishing such information on its web site and in such other manner as will, in the opinion of the Licensee, secure adequate publicity for it.

Condition 31: Provision of Information about remedies for Theft, Damage or Meter Interference

1. Where
 - (i) a person other than the Licensee is the owner of any electric plant,

electric lines or meter, the Licensee shall promptly inform that person of any incident where it has reason to believe:

- (a) there has been damage to such electric plant, electric line or meter; or
- (b) there has been interference with the meter or service connections to alter the register or prevent the meter from duly registering the quantity of electricity supplied; or
- (ii) the Licensee is of the belief that its facilities have been tampered with and the safety or the integrity of its systems has been compromised

the Licensee shall take such action as it considers appropriate to obtain redress for its losses and in the case of infringement of the law to seek application of all remedies available under the law.

Condition 32: Preparation, Review of and Compliance with Codes of Practice

1. This Condition applies to each of the Codes of Practice required to be prepared by the Licensee pursuant to Conditions 33 to 41 of this licence and provisions of Section 33. (3), (4) (5) and (7) of the Act (each a "Code" and together "the Codes")
2. The Licensee may review a Code and the manner in which it has been operated with a view to determining whether any modification should be made to that Code or to the manner of its operation, and shall do so whenever directed to by the Commission.
3. The Commission may, after Consultation with the Licensee, issue directions to the Licensee in relation to a Code, specifying any amendments or modifications (including deletions) to a Code and the Licensee shall comply with such directions. In addition the Commission may issue directions to the Licensee to provide information to the Commission or to notify the Commission of matters affecting the Licensee's customers where such matters are relevant to the issues addressed by the Codes.
4. The Licensee shall:
 - (a) as soon as practicable following the preparation of a Code or any revision made to it, send to the Commission a copy of the Code or such revision in the form approved by the Commission;

- (b) draw to the attention of its customers the existence of the Codes and each substantive revision of each of them and how they may inspect or obtain a copy of the Codes in their latest form;
 - (c) make a copy of the Codes available for inspection by members of the public at each of the relevant premises during normal opening hours;
 - (d) give or send free of charge a copy of the Codes (as from time to time revised) to any person who requests it.
5. Subject to clause 7 of this Condition 32, the Licensee shall ensure that it complies with the terms of and the arrangements or procedures (as the case may be) as are contained in or described by each Code to which this Condition applies or any revision to such Codes approved by the Commission.
6. The Licensee shall provide the Commission with all assistance reasonably necessary to enable the Commission to monitor the implementation and operation of any Code and this assistance shall include, without limitation, permitting the Commission access to relevant documentation held by the Licensee.
7. The Commission may (following consultation with the Licensee and such other parties as the Commission considers appropriate) issue directions relieving the Licensee of any of its obligations under Conditions 33 to 41 and this Condition 32 to such an extent as may be specified in those directions and subject to such terms and conditions as the Commission thinks fit.
8. In this Condition:
- "relevant premises"** means any premises of or occupied by the Licensee or any associated company or related undertaking of the Licensee open to customers in the normal course of the Licensee's business.

Condition 33: Code of Practice On Procedures With Respect To Access To Customers' Premises

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the principles and procedures the Licensee will follow in respect of any person acting on its behalf who requires access to customers' premises.

2. The Code of Practice shall include procedures calculated to ensure that such persons visiting customers' premises on behalf of the Licensee:
 - (a) possess the skills necessary to perform the required duties;
 - (b) are readily identifiable to members of the public;
 - (c) use passwords provided for vulnerable customers;
 - (d) are appropriate persons to visit and enter customers' premises; and
 - (e) are able to inform customers, on request, of a contact point for help and advice they may require in relation to the supply of electricity.

Condition 34: Code of Practice on Payment of Bills

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice concerning the payment of electricity bills by tariff customers, and including appropriate guidance for the assistance of such tariff customers who may have difficulty in paying such bills.

Condition 35: Code of Practice for Dealing with Tariff Customers In Default

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the methods for dealing with tariff customers who, through misfortune or inability to cope with electricity supplied on credit terms, incur obligations to pay for electricity so supplied which they find difficulty in discharging including, in particular, methods for:
 - (a) distinguishing such customers from others in default;
 - (b) detecting failures by such customers to comply with arrangements entered into for paying by installments charges for electricity supplied;
 - (c) making such arrangements so as to take into account the customer's ability to comply with the arrangements referred to in paragraph (b);
 - (d) ascertaining, with the assistance of other persons or organisations, the ability of customers to comply with such arrangements;
 - (e) providing for such a customer who has failed to comply with such arrangements a prepayment meter where safe and practical to do so; and
 - (f) calibrating any prepayment meter so provided so as to take into

account the customer's ability to pay any of the charges due from the customer under such arrangements in addition to the other charges lawfully being recovered through the prepayment meter.

2. The Licensee shall, within three months after the Code of Practice has been put in place, establish procedures for monitoring its general operation of the arrangements set out in the Code of Practice and compliance therewith, which shall be submitted to the Commission.

Condition 36: Code of Practice for Connections And Disconnections

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the procedure for connections to and disconnections from the Licensee's supply system.

Condition 37: Code of Practice for the Provision of Services for Tariff Customers who are Disabled, Chronically sick or of Pensionable Age

1. The Licensee within three months of this licence coming into force, prepare a Code of Practice setting out the arrangements for tariff customers who are disabled, chronically sick or of pensionable age, by which special services in the following respects can be made available where appropriate:
 - (a) providing where practicable special controls and adaptors for electrical appliances and meters (including prepayment meters) and repositioning meters;
 - (b) providing special means of identifying officers authorised by the Licensee; and
 - (c) giving advice on the use of electricity.
2. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice describing the special services available and any charges made or to be made to such customers described in clause 1 of this Condition 37.

Condition 38: Code of Practice for Customer Complaint Handling Procedure

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice establishing a procedure for handling complaints from customers about the manner in which the Licensee conducts the Supply Business and any procedure established in accordance

with this Condition shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.

Condition 39: Code of Practice for the Reading of Customers' Meters

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the methods for the reading of meters of customers, in particular, methods for:
 - (a) ensuring the person reading the meter and any associated appliance possesses the appropriate expertise;
 - (b) inspecting the meter for any evidence of deterioration which might affect its function or safety;
 - (c) ensuring that the premises which the person reading the meter attends, are left no less secure by reason of the attendance;
 - (d) ensuring that the Licensee shall make good or pay compensation for any damage to property caused by the person reading the meter;
 - (e) reporting the reading of the meter;
 - (f) adjusting of charges for erroneous meter readings.

Condition 40: Efficient Use of Electricity

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the ways in which the Licensee will make available to customers such guidance on the efficient use of electricity as will, in the opinion of the Licensee, enable them to make informed judgments on measures to improve the efficiency with which they use the electricity supplied to them.

Condition 41: Code of Practice on the Licensee's Duty to Connect

1. The Licensee shall, within three months of this licence coming into force, prepare a Code of Practice setting out the ways in which the Licensee will satisfy its duty to connect customers to its system. This Code will address the several methods and procures for different cases and types of customers to receive an electricity supply from the licensee and will include but not necessarily be limited to customers who: (a) are within 100 feet of an electricity distribution line and not requiring transformation; (b) are at a distance greater

than 100 feet from an electricity distribution line; (c) require complex connections such as transformation, special metering, etc.

2. The Code of Practice shall address the procedures concerning reimbursements to those customers who have paid a charge as a contribution-in-aid-of-construction and/or where other customers subsequently request a connection that depends upon the original connection that was the subject of a contribution in aid of construction.

Condition 42: Additional Consumer Protection Conditions

1. The Licensee will submit a written quarterly report to the Commission outlining the complaints received by the Licensee from customers and how these complaints have been rectified.
2. The Licensee agrees to participate in good faith in any dispute resolution procedure established by the Commission for the resolution of disputes that cannot be settled through the Codes outlined in Conditions 33 to 41.
3. Notwithstanding clause 2 of this Condition 42, any dispute between the Licensee and an applicant for a supply of service, an extension or improvement of service and as to performance by the Licensee of its obligations under this Licence, shall be determined by *the Commission*.

Condition 43: Guaranteed and overall Standards

1. The Licensee shall use all reasonable endeavours to achieve the *Guaranteed Standards* and the *Overall Standards* established by the Commission.
2. Breach of the *Guaranteed Standards* shall result in the Licensee making the applicable compensatory payment to the affected customer(s). Such Compensatory Payments are determined by the Commission from time to time and are set out in Decisions issued by the Commission.
3. The Licensee shall give all reasonable assistance to *the Commission*, or such other *person* as *the Commission* may designate to assist it, in the monitoring of the Licensee's performance of the *Guaranteed Standards* and *Overall Standards*.
4. The Licensee shall collect data on its performance against the *Guaranteed Standards* and the *Overall Standards* and report this to *the Commission* in such form and with such frequency as *the Commission* may require.

5. *Guaranteed Standards* as well as the level of compensation payments will be reviewed periodically by *the Commission* (normally at tariff reviews) and where appropriate and in consultation with the Licensee, introduce new standards.
6. *Overall Standards* will be reviewed periodically by *the Commission* (at tariff reviews) and where appropriate and in consultation with the Licensee, new standards introduced at tariff reviews.
7. *Guaranteed* and *Overall Standards* that may be in force from time to time form part of this Licence, and are subject to publication in the Dominica Gazette under the authority of *the Commission*.

PART VI: PRICE CONTROLS AND TARIFFS

Condition 44: Price Control Mechanism

1. In this Condition:

"*Adjustment date*" means the date for the implementation of the annual adjustment of tariffs.

"*Test year*" means, unless otherwise ordered by the Commission, shall be the twelve month period beginning six months prior to the date the application is filed and ending six months subsequent to the application filing date. In no event shall the test period end more than nine months subsequent to the date the application is filed. The basis for developing the test year shall be the latest twelve months of operation for which there are audited accounts and the results of the test year adjusted to reflect:

- a. Normal operational conditions, if necessary;
- b. Such changes in revenues and costs as are known and measurable with reasonable accuracy at the time of filing and which will become effective within twelve months of the time of filing. Costs, as used in this paragraph, shall include depreciation in relation to plant in service during the last month of the test period at the rates of depreciation specified in the Schedule to this Licence. Extraordinary or Exceptional items, as defined by generally accepted accounting principles, shall be apportioned over a reasonable number of years not exceeding five years; and
- c. Such changes in accounting principles as may be recommended by the independent auditors of the Licensee.

"*Rate Base*" means the value of the net investment in the licensed business. The *Rate Base* shall be calculated on the net electric system investment made by the Licensee at the time the rates are being set and shall include net investment made by the Licensee in the generation, transmission and distribution and general plant assets. The *Rate Base* shall include appropriate rate-making adjustments to take into account known and measurable changes in the plant investment base and shall be increased or reduced by any positive or negative working capital requirement that may exist at such time. Working capital shall include, among other things, the cost of an appropriate level of fuel which is held in inventory, cost of appropriate levels of other

inventories and an appropriate percentage of annual non-fuel operating expenses less any appropriate offsets.

“*Cost of Fuel*” is defined as the cost of fuel delivered to the Licensee’s storage facilities at its generating stations.

2. **Tariff**

The Commission shall determine the Licensee’s rates for electric power based on the principles set out in this Condition 44. The rate shall consist of the following components:

- (i) A Non-Fuel Base Rate ("Non-Fuel Base Rate") which is adjusted annually to reflect the impact of Dominican inflation
- (ii) Financing Costs
- (iii) Other extraordinary costs related to Government imposed obligations.
- (iv) A provision for applicable regulatory fees
- (v) A Fuel Rate which is adjusted monthly to reflect fluctuations in fuel costs.

The Revenue Requirements to determine the average tariff (non - fuel base rate) that will be in effect from time to time shall be developed consistent with the following:

$$RR = OC + FC + GO + RF$$

Where:

RR = Revenue Requirements

OC = Non - fuel operating Costs

FC = Financing Costs

GO = A provision to recover or return the cost of Obligations imposed by government which were not known or anticipated at the tariff review

RF = Applicable regulatory fees

The “Average Rate” is the Revenue Requirement (\$) divided by the forecast sales (kWh).

$$\text{Average Rate} = \text{Revenue Requirement (\$)} / \text{Sales (kWh)}$$

(i) **Non-fuel operating costs:**

Non Fuel operating costs (OC) = Operational, maintenance and administrative costs (OMA), depreciation, income taxes, deferred costs, etc

- a. Operational, maintenance and administrative costs - All prudently incurred costs which are not directly associated with investment in capital plant, other operating costs shall include, but not be limited to: salaries and other costs related to employees; operating costs of generation, transmission and distribution and supply facilities; interest costs on other borrowings not associated with capital investment, if applicable; rents and leases on property associated with the *Integrated Business*; taxes which the Licensee is required to pay other than income taxes of the Licensee; and other costs which are determined to be reasonably incurred in connection with the *Integrated Business*.
- b. Depreciation - The depreciation component will be calculated by applying annual depreciation rates, as provided at Schedule 4, to the gross value of the individual plant asset accounts. The Licensee shall from time to time undertake depreciation studies, the results of which shall be agreed with the Commission and Schedule 4 of this Licence amended accordingly.
- c. Taxes - Taxes which are calculated based on the net income of the Licensee (Income Taxes) and payable to the Government of the Commonwealth of Dominica. Loss carry-forwards and any incentives to encourage capital investments are not included in the calculation of income taxes.
- d. Deferred Cost - Deferred costs are costs that have been incurred by the utility that have not yet been recovered from ratepayers. These cost deferrals occur because in determining revenue requirements estimates are used, which may vary from actual costs.

(ii) Financing Costs

This component is calculated based on the approved Rate Base of the Licensee and the required rate of return which allows the Licensee the opportunity to earn a return sufficient to provide for the requirements of consumers and acquire new investments at competitive costs. *The Commission* shall determine a working capital component of the Rate Base. (The rate base is computed net of depreciation expense. The allowed rate of return is the Licensee's Weighted Average Cost of Capital (WACC). The WACC will be based on the actual capital structure or an appropriately adjusted capital structure which adjustment is required to keep parity of the interests of the consumers and investors and at the time of the filing such capital structure and WACC shall be adjusted by any known and measurable changes which are expected to occur during the test year.

$$\text{Return on Investment} = \text{WAC\%} * (\text{Rate Base})$$

(iii) Government Obligations

Government Obligation means any obligation imposed by the Government or its agencies on the Licensee, after the date of implementation of the Tariff, in the areas such as environmental standards, laws and regulations, licence fees, taxes other than general income, corporate or general consumption tax, etc

A Government Obligation shall be deemed to be material only if the annual incremental costs or savings to the Licensee that result there from is at least the amount defined in Schedule 1 (Transitional and Initial Arrangements). The fixed amount shall be adjusted annually for Dominican inflation from the date of tariff and will apply until the next tariff review when the impact of the obligation will be fully taken into account.

(iv) Regulatory Fees

Regulatory Fees are the fees prescribed pursuant to Condition 10 of this Licence.

3. Fuel Rate

Fuel operating costs will be the weighted average *cost of the fuel* used to generate electricity during the applicable month. The *cost of fuel* (adjusted for efficiencies) will be a 100% pass through and shown as a line item charge in the tariff.

The pricing, will reflect a regulatory environment where the company, through efficient operational practices and continual efficiency improvements; with regards to fuel use, will have the opportunity to commensurately enjoy gains or absorb losses depending on whether or not it meets the prescribed efficiency and performance targets. Consumers, on the other hand, will pay a fair rate for the direct cost of fuel consumed, related to energy usage conditioned by efficiency factors set by the Commission.

The formula for calculating the Fuel Rate is set out at Schedule 3.

SCHEDULE 1: TRANSITIONAL AND INITIAL ARRANGEMENTS

1. Transitional Provision

On the effective date of this Licence in order to enable a smooth transition to the full force and effect of this Licence, all conditions which would normally have effect under the ESA and Rules, Directives or Determinations of the Commission shall remain in effect until such time these are logically and practically superseded by the actions taken under this Licence.

2. Starting Tariff

On the effective date of this Licence, the applicable tariff shall be the tariff that is in force on the date of this Licence adjusted as follows:

- a) The tariff shall be recomputed to remove the fuel component in the base price
- b) The Discount Factor as provided in the Electricity Supply (Amendment) Act 2003 will not be applied.

These adjustments shall be applied to bills issued by the Licensee no earlier than 30 days after the effective date of this Licence

3. Investment and system reinforcement

Notwithstanding the provisions of Condition 20, the Licensee shall submit to the Commission, no later than 90 days after the date of this Licence its proposals for capital expansion and reinforcement of its Transmission Distribution and Supply network disaggregated into two periods (projects for immediate implementation and projects for implementation over the medium term). The submission shall provide firm proposals for financing and implementation of the immediate term projects and on receipt of the approval of the Commission, the Licensee shall be bound as a condition of this Licence to implement the said plans as submitted or as amended by the Commission. *[Included to get a firm commitment on an investment programme -]*

4. First Tariff Review

The Licensee may submit a filing for its first tariff review with such timing that results of the Review may be implemented no earlier than 12 months after the effective date of this Licence.

5. Government Obligations

A Government Obligation shall be deemed to be material only if the annual incremental costs or savings to the Licensee that result there from is at least One

Hundred Thousand Eastern Caribbean Dollars (EC\$100,000.00) adjusted annually for Dominica inflation from the date of this Licence.

Any Government Obligation that may arise between the effective date of this licence and the date of the First Tariff Review shall be taken into account at the First Tariff Review.

The Licensee may file, with the Commission, a proposal to apply a surcharge as a result of the effects of a Government Imposed Obligation which is deemed to be material. This proposal will be subject to notice and protest, including prudence review. The Licensee shall provide with such proposals, a detailed explanation of the need for the surcharge. Such details shall include a demonstration that the Government Imposed Obligation is material and is known, measurable, reasonable, prudently incurred, mitigated and the cost for which a surcharge is being requested and arises solely from the Government Obligation. The Licensee shall not apply any surcharge in respect of Government Obligation without the approval of the Commission.

The Licensee shall on its own volition or when directed to do so by Commission file a proposal for a refund to its customers the amounts equal to the value of any savings resulting from a Government Imposed Obligation which is deemed to be material. The procedure to be followed shall be analogous to that used in applying for the imposition of surcharge resulting from a Government Obligation.

The Licensee shall submit, with its filing for the annual adjustment or at the end of any surcharge period, whichever is appropriate, a report reconciling the surcharge and the actual costs relating to Government Obligation. In the event that amounts obtained through the said surcharges exceed the said actual costs incurred, the Licensee shall refund to its customers such excess amounts, adjusted for interest. The Licensee shall file a report of refunds with the Commission giving details of the distribution of the refunds to its customers within 30 days of filing the reconciliation report.

In the event that the amounts obtained through the surcharge are less than the actual costs incurred by the Licensee as a result of the Government Obligation, The Licensee shall be allowed to recover such amounts from its customers. It shall file a report with the Commission giving details of the shortfall and the recovery mechanism, for approval.

SCHEDULE 2: TARIFF PROCEDURES

1. General procedures for the review of tariffs

The procedure for review of tariffs shall be carried out in accordance with Sections 23 and 24 of the Act and Decisions taken by the Commission in the exercise of its functions under the Act.

The Commission shall publish after due process the Tariff review procedure and filing requirements required of the Licensee. This Procedure may be revised from time to time, after due process and consultation, by the Commission to reflect the current experiences, new technologies and changing market circumstances as the case might be.

The Commission shall review the tariff processes within one year of the completion of a tariff review and if considered necessary initiate the consultation process pursuant to Clause 2 of this Schedule 2.

The general procedure for tariff review shall be consistent with the following principles:

At least 30 days prior to the filing of application pursuant to section 23 of the Act, the Licensee shall give notice, in writing, to the Commission of its intent to file an application for a tariff review and of the proposed rates to be contained therein.

The Licensee shall file with *the Commission* proposed rates schedules and shall demonstrate that the non-fuel rates proposed for the various rate categories will generate the non-fuel revenue requirement for the test year.

The Commission shall inform the Licensee, in writing, within twenty days of the original filing date if the filing fails to substantially comply with the standard filing requirements and shall identify the deficiencies. Upon the filing of such supplemental information rendering the application in technical compliance with the standard filing requirements, unless waived, the application will be deemed as having been filed as of the date upon which supplemental information rendering the application in compliance with the standard filing requirements was received for the purposes of calculating the time period provided in Section 24(2) of the Act.

If the Commission finds the application as originally filed to be in technical compliance with the standard filing requirements, it shall so notify the Licensee, in writing, within seven days (7) of the date of the original

filing .

If the Commission issues no notice to the Licensee DOMLEC pursuant to within twenty-one days from the date of the original receipt of the application, the application shall be deemed to be in compliance with the standard filing requirements and as having been filed as of the date of the original receipt of the application for purposes of calculating the time period provided in Section 24(2) of the Act.

Upon acceptance of the rate filing *the Commission* shall initiate a rate proceeding to conduct its review of the licensee's proposed rates in which *the Commission* shall have full discretion to accept, modify or reject the proposed rates. *The Commission* shall have the full discretion to determine the format and procedure at such proceedings and in making its decision shall observe reasonable standards of procedural fairness and the rules of natural justice and act in a timely manner. *The Commission's* review shall include an evaluation of the non-fuel revenue requirement including prudent operating costs, depreciation expenses, taxes and a return on investment and any other consideration of measures to secure operational and fiscal efficiencies and protection of the interests of consumers.

Pursuant to the Act, the Commission shall within 60 days of its acceptance of the submission of the tariff proposal, make a determination to:

- (a) approve the tariff without amendment
- (b) conditionally approve the tariff subject to amendments specifically proposed by the Commission being accepted by the licensee; or
- (c) reject the tariff proposal outright, stating clearly in writing the reasons for such rejection, which reasons may include a determination that the tariff is not ripe for review.

In the event that the Commission makes a determination under (b) above the licensee may submit a revised tariff within 30 days of the determination; and the Commission shall make a new determination in accordance with one of the three options specified above within 30 days of such submission.

In the event of an outright rejection of the proposed tariff under (c) above the Licensee may file a new tariff at any time; or may file a petition to the Commission for reconsideration of such rejection.

A petition shall be filed within 30 days of the rejection and shall state the Licensee's basis for reconsideration, which may include fundamental change in circumstances from the conditions that prevailed when the tariff was originally rejected by the Commission.

In the event that the Licencee files a petition for reconsideration the Commission shall act upon such petition within 30 days and make a determination in accordance with one of the three options set forth in above.

If the Commission fails to act on a tariff submission pursuant to this section within the timeframes for determination specified above the tariff shall be deemed approved until such time as the Commission makes a determination.

2. Procedure for Annual Adjustment

The Licensee shall make annual filings to *the Commission* at least sixty (60) days prior to the Adjustment Date. These filings shall include the support for the CPI indices, government Obligations (if any) and the proposed Non-Fuel Base Rates for electricity, and other information as may be necessary to support such filings.

The Commission shall within 60 days of filing for the Annual Adjustment

- (a) approve the tariff without amendment
- (b) conditionally approve the tariff subject to amendments specifically proposed by the Commission being accepted by the licensee; or
- (c) reject the tariff proposal outright, stating clearly in writing the reasons for such rejection, which reasons may include a determination that the tariff is not ripe for review.

If the Commission takes an action other than approving the tariff without amendment, the subsequent actions will follow the process as for a tariff Review.

SCHEDULE 3: FUEL CHARGE

1. Fuel Charge Computation

The cost of fuel to generate electricity delivered to the Transmission, Distribution and Supply System shall be a full pass through to customers having regard to and taking into account the cost of fuel utilized by Licensee, IPP costs, fuel efficiencies and prescribed system performances.

The formula is as follows:

$$\text{Fuel Charge} = (A + B + C) / D$$

where;

A = the cost of the total number of Imperial gallons of diesel fuel used at all Licensee's generating stations in Dominica during the calendar month immediately preceding the calendar month during which meters are read multiplied by the current price in cents for diesel fuel oil delivered to the Licensee's generating stations in Dominica.

B = the cost of the total number of Imperial gallons of blended fuel oil used at all the Licensee's generation stations in Dominica during the Calendar month immediately preceding the calendar month during which meters are read multiplied by the current price for blended fuel oil delivered to the Licensees generating stations in Dominica.

C = the total amount paid for other sources of supply (including IPPs) than those listed in A and B (including but not limited to electricity generated by the use of geothermal means), supplied to the Licensee during the calendar month immediately preceding the calendar month during which meters are read.

D = the total units sold in Dominica during the calendar month immediately preceding the calendar month during which meters are read.

The Licensee shall publish the calculated fuel charge in the print media of wide circulation in the Commonwealth of Dominica each month and shall submit a detailed copy of the calculation along with a copy of advertisement to the Commission within 5 days of the end of each month.

SCHEDULE 4: DEPRECIATION SCHEDULES