



October 31<sup>st</sup>, 2019

Mrs. S. Bertilia Leblanc-McKenzie  
The General Manager  
Dominica Electricity Services Limited (DOMLEC)  
18 Castle Street  
Roseau  
Dominica

Dear Mrs. McKenzie,

**Re: The Independent Regulatory Commission's Approval of the Power Purchase Agreement Between DOMLEC and DGDC**

This correspondence serves to inform that the Independent Regulatory Commission ("the Commission") grants approval of the *Power Purchase Agreement* ("PPA") between the Dominica Electricity Services Limited ("DOMLEC") and the Dominica Geothermal Development Company ("DGDC").

The Commission accepts that all the issues raised by Tractebel Consulting and the Commission concerning the original PPA and Interconnection Agreement have been satisfactorily resolved.

Nevertheless, the approval of the PPA is hinged on condition that:

1. Both the *Subsidiary Agreement* and the *Concession Agreement* between the Government of the Commonwealth of Dominica (GoCD) and the DGDC must be ratified; and
2. the DGDC obtains a Generation License from the Commission before entering into an EPC contract.

Where Condition 2 is concerned, the effectiveness of the PPA is conditioned upon the DGDC obtaining a Generation License pursuant to section 29 of the *Electricity Supply Act 2006, No. 10 of 2006*. Any waiver of that condition by the purchasing party to the PPA shall not obviate the need for a Generation License. It is expected that the Commission will issue a Generation License to the DGDC as a priority, and it is understood that the DGDC will not enter into an EPC contract without first obtaining such license.

*Mrs. S. Bertilia Leblanc-Mckenzie*

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Please note that the Commission's approval of the PPA without the DGDC first obtaining a Generation License and ratifying the Agreements stated in Condition 1 above is to facilitate the parties concluding arrangements with third parties such as the World Bank. The Commission is cognizant of the fact that the PPA's approval is necessary for the World Bank granting its approval for release of the funds to begin the construction of the new 7MW Geothermal Generation Plant and has given due consideration to delivering this approval to facilitate the expedience of this transaction for November 4<sup>th</sup>, 2019.

The Commission also recognizes the fact that the successful construction of this new 7MW Geothermal Generation Plant will have a significant impact on the resultant tariff to consumers of electricity in Dominica and as the Regulator of the Electricity Sector, the Commission wants to ensure that requisite benefits are achieved to the public, in keeping with the policy of the Government of Dominica.

The Commission wishes DOMLEC all the best in its endeavors towards ratification of the PPA and Interconnection Agreement with the DGDC and we will play our part in ensuring that proper regulatory oversight is applied where it is needed.

Yours respectfully,

**INDEPENDENT REGULATORY COMMISSION**



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**JUSTINN KASE  
EXECUTIVE DIRECTOR**

*Cc: Chairman and Commissioners (IRC)*