



July 30th, 2019

Mrs. S. Bertilia McKenzie
General Manager
DOMLEC
18 Castle Street
Roseau
DOMINICA

Dear Mrs. McKenzie,

Re: Provisional Acceptance of the Power Purchase Agreement (PPA) between Dominica Electricity Services (DOMLEC) and the Dominica Geothermal Development Corporation (DGDC)

The Independent Regulatory Commission with the assistance of Tractebel have completed the review of the PPA. In reviewing the PPA certain issues were identified that would negatively affect the smooth implementation of this agreement between DOMLEC and the DGDC. Over the period of the review, the Commission and Tractebel worked with the DGDC and DOMLEC in resolving these issues as best as possible with due consideration of the time constraints that were applicable to this exercise.

Finally, the Commission grants **provisional acceptance** of the PPA. Provisional acceptance is granted based on the following conditions that are expected to be **satisfied over the next six (6) months**.

The conditions as copied from Section 3 of the Tractebel report are:

- 1) Associating the Commission to the bid monitoring team during the procurement process of the Engineering, Procurement and Construction (EPC) contract to ensure price competitiveness and the integration of savings into the PPA tariff;
- 2) Provision by DGDC of the Subsidiary Agreements between the Government of the Commonwealth of Dominica (GoCD) and DGDC reflecting the capital structure presented in DGDC's adjusted financial model;
- 3) Determining the interconnections' cost allocation and updating the Interconnection Agreement accordingly;



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It is hoped that the GoCD, DGDC and DOMLEC will collaborate diligently in ensuring that these conditions are satisfied within the time period that is proposed. It is incumbent on the various parties associated with this exercise to understand the negative impacts to the overall project of not fulfilling the above conditions. Should you require any clarification to the conditions above; feel free to contact the Commission or Tractebel for further assistance.

Your cooperation is solicited.

N.B. A copy of the final Tractebel report was previously sent to you via email for expedience.

Sincerely,

INDEPENDENT REGULATORY COMMISSION (IRC)

**JUSTINN KASE
EXECUTIVE DIRECTOR**

cc: Chairman and Commissioners