

Bulk Supply Licence (Final)

Part I

1. Licensee Details :

Name : _____

Legal Description of the Company : _____

Name of Legal Representative : _____

Main Office Address : _____

Telephone Number : _____

Fax Number : _____

E-Mail Address : _____

Commercial Record Number and Date : _____

2. Activity References :

Geographical Area: _____

3. Licence Duration :

Duration of this Licence is for xx years starting from / / 20xx

4. Electricity Regulatory Commission Details

Main Office Address : _____

Telephone Number : _____

Fax Number : _____

E-Mail Address : _____

The Electricity Regulatory Commission of Jordan (hereinafter referred to as the “ERC”), in exercise of the powers conferred by article 7 and 9 of the Temporary General Electricity Law No. (64) of 2002 (hereinafter referred to as the “General Electricity Law”), hereby grants to [NEPCO as Bulk Supplier] a company incorporated under the Companies Law and registered with the Ministry of Industry and Trade under registration number [] (hereinafter referred to as the “Licensee”), a licence, to bulk purchase electricity for resale within the area defined in annex 1, and to act as the exclusive bulk supply licensee during the single buyer model, pursuant to article 28 and 35 of the General Electricity Law, subject to the conditions set out in Part II (hereinafter referred to as the “Conditions”) and the information in the attached annexes which are part of this License, and which shall be considered one whole indivisible unit.

**Signed by:
Chairman**

**Regulatory
Commission**

Seal

Part II

**Conditions for Bulk Supply Licence,
for the exclusive Bulk Supplier during Single Buyer Model**

Section 1: General Conditions of the Licence

Section 2: General Provisions for the Bulk Supply Activity

Section 3: Planning Provisions during the Single Buyer Model

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Section 1:

General Conditions of the Licence

Article (1)

Definitions and Interpretation

Any word or expression defined in the General Electricity Law, and not defined in these conditions shall, unless the contrary intention appears, have the same meaning when used in these conditions or in the annexes.

When applying the provisions contained herein, and unless otherwise specified or the context otherwise requires, the words and phrases stated herein shall have the following meanings:

<p>“Authorized” in relation to an activity means authorized to undertake that activity pursuant to a licence or exemption granted by the ERC under the General Electricity Law;</p>	<p>المخوّل : تعني المفوض بممارسة النشاط طبقاً لهذه الرخصة أو أي استثناء تمنحه الهيئة بموجب قانون الكهرباء العام.</p>
<p>“Bulk Generation” means a generation station that is connected directly to the transmission system or distribution system pursuant to article 35 of the General Electricity Law, and that during the single buyer model shall not includes embedded generation.</p>	
<p>“Bulk Supply” for the purpose of this Licence, means the bulk purchase of electric power by the Licensee, from generation and from imports subject to the authorization by the Council of Ministers, for the resale to Bulk Supply Customers and to export subject to the authorization of the Council of</p>	

Ministers;	
“Bulk Supply Area” means the geographic area, described in Annex 1 to this Licence, within which the Licensee can carry out the Bulk Supply Business authorized by this Licence;	
“Bulk Supply Business” means the Licensee’s business of bulk supply Authorized by this Licence and or Council of Minister authorization ;	
“Bulk Supply Code” has the meaning assigned to the term in Article 22;	
“Bulk Supply Customer” means during the single buyer model a Distribution Licensee or a principal consumer.	
“Bulk Supply Tariff” means the tariff for sales from the Licensee to Distribution Licensees and principal consumers, determined and approved and modified from time to time by the ERC;	
“Change in Control” has the meaning assigned to the term in Article 8;	تغيير في السيطرة: 8.حسب المعنى الموضح في المادة)
“Codes” means the codes established or to be established by the ERC, and the codes that licensees are responsible to prepare and review and which are approved by the ERC (including but not limited to the Grid Code, the Distribution Code and the Metering Code);	الكودات : تعني كودات التشغيل التي تعدها او اعدتها الهيئة او أي كودات اخرى يكون المرخص لهم الاخرين مسؤولين عن اعدادها و مراجعتها ويتم اعتمادها من قبل الهيئة (وتشمل وغير مقصورة على كود الشبكة وكود التوزيع ومؤشرات الاداء وكود العدادات).
“Companies Law”	قانون الشركات

<p>means the Companies Law No. 22 of 1997, and any amendments thereto, or any law that replaces the Companies Law in effect;</p>	<p>قانون الشركات رقم 22 لسنة 1997 و التعديلات التي تطرأ عليه من حين الى اخر, او أي قانون اخر قد يصدر ويحل محله.</p>
<p>“Dispose of” or “Disposal” includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or permitting of any encumbrance to subsist or any other disposal to a third party;</p>	<p>“نقل الملكية” : ويشمل البيع، الهبة، التأجير، الترخيص، القرض، الرهن، أو منح - مرتهن أو السماح لاستمرار الرهن أو التنازل لطرف ثالث.</p>
<p>“Distribution Licensee” means a Person licensed to distribute electrical energy pursuant to articles 28 and 36 of the General Electricity Law, and that during the single buyer model shall also be the sole retail supply licensee in its distribution and supply area in accordance with article 35 of the Law;</p>	<p>المرخص له بالتوزيع: الشخص المرخص له بتوزيع الكهرباء طبقاً لأحكام المواد 28 و 36 من قانون الكهرباء العام.</p>
<p>“Environmental Law” means any law of Jordan for the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and all relevant legislation relating to the assessment of environmental impact and the protection of air, land and water;</p>	<p>قانون البيئة: تعني اي قانون معني بحماية البيئة بما في ذلك حماية صحة الإنسان، والحياة البرية والبحرية وحماية الطبيعة بالإضافة الى كافة التشريعات المعنية بتقييم الآثار البيئية على الهواء والأرض والماء</p>
<p>“Financial Year” for the purpose of this Licence, means the 12 month accounting period of the Licensee, provided that the first financial year shall run from, and including, the date of the grant of this Licence until the last day of the Licensee’s accounting period for the first year;</p>	<p>السنة المالية لمقاصد هذه الرخصة, تعني (12) شهرا من الفترة المحاسبية للمرخص له, و تبدأ السنة المالية الاولى من تاريخ منح هذه الرخصة حتى اخر يوم للفترة المحاسبية للمرخص له للسنة الاولى.</p>
<p>“General Electricity Law”</p>	<p>قانون الكهرباء العام :</p>

means the General Electricity Law No. 64 of the Year 2002 as amended from time to time or any other law that replaces the said law;	قانون الكهرباء العام رقم 64 لسنة 2002 و التعديلات التي تطرأ عليه من حين الى اخر, او أي قانون اخر لكهرباء قد يصدر ويحل محله.
“Generation Licensee” means any person licensed to generate electrical energy pursuant to articles 28 and 32 of the General Electricity Law;	
“Generating Unit” means any apparatus that produces electrical energy, which will include the mechanical prime mover (e.g. turbine or engine) in the case of conventional hydro or thermal plant, or the equivalent principle means of converting another form of energy to electricity, in the case of non conventional generation such as wind and solar energy;	
“Generation Master Plan” means during the single buyer model the generation expansion plan prepared by the Bulk Supply Licensee to supply the forecasted load across a number of years and to comply with the generation planning criteria set out in the Grid Code and any reliability standard established by the ERC, as approved by the ERC;	
“Grid Code” means the document defined in the General Electricity Law, as modified from time to time and approved by the ERC;	كود الشبكة: له نفس المعنى المعرف في قانون الكهرباء العام, و الموافق عليه من قبل الهيئة.
“Information” shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the ERC) of any description and in the format prescribed by the ERC;	المعلومات يجب ان تشمل اي كتب و وثائق و سجلات و حسابات و تقديرات ، عوائد و تقارير (سواء أعدت بطلب من الهيئة ام لا) من أي نوع كانت وعلى النماذج المحددة من قبل الهيئة.
“Interim Licence”	الرخصة المؤقتة :

<p>means an interim licence issued by the ERC in accordance to Article 19 of this Licence for the business regulated by this Licence;</p>	<p>هي الرخصة المؤقتة التي تصدرها الهيئة وفقاً للمادة 19 من هذه الرخصة من اجل العمل الذي تنظمه هذه الرخصة</p>
<p>“Laws of Jordan” means the Jordanian legislations that have been published in the “Official Gazette” which may be amended or replaced from time to time.</p>	
<p>“Licence” means this licence, together with the annexes attached to it;</p>	<p>الرخصة: هذه الرخصة والملاحق الملحقة بها.</p>
<p>"Licensing By-Law" means the licensing by-law number 76 of 2001 or any amendments thereto or any by-law that replaces the said by-law and any by-law that regulates matters relating to licences pursuant to the General Electricity Law, as may be amended from time to time;</p>	<p>نظام الترخيص: نظام ترخيص شركات الكهرباء رقم 76 لسنة 2001 و التعديلات التي تطرأ عليه من حين الى اخره او أي نظام اخر يحل محل نظام الترخيص المذكور واي نظام ينظم مسائل تتعلق بالرخص وفقاً لقانون الكهرباء..</p>
<p>"Merit Order System” means a system, establishing economic precedence, subject to electric system constraints and reliability standards in accordance to the Grid Code, of electrical energy from Available generating units and imports to supply consumers;</p>	
<p>“Metering Code” means the code approved by the ERC, that sets out the standards and procedures for the metering system at the boundaries between different transmission users;</p>	<p>كود العدادات: هو الكود المعد من قبل المرخص له بالتزويد بالجملة والذي يتم الموافقة عليه من قبل الهيئة , والذي يضع المواصفات و الإجراءات لنظام العدادات على الحدود بين مختلف مستخدمي نقل .</p>
<p>“Modification” includes change by addition, omission, amendment or substitution, and like expressions shall be construed accordingly;</p>	

<p>“Performance Standards” means any standards (including performance indicators and targets) issued by the ERC, in a directive or Code or in another instrument, to assess the performance of licensees, and applicable to the Licensee subject to Annex 3 , and modified from time to time by the ERC;</p>	<p>معايير الاداء: هي معايير الاداء و الاعتمادية وتشمل (مؤشرات الاداء والمعايير و الاهداف) و التي تصدرها الهيئة من خلال توجيهات او كود او باي طريقة اخرى من اجل تقييم اداء المرخص لهم , و تكون قابلة للتطبيق من قبل المرخص له.</p>
<p>“Person” means a natural or juridical person.</p>	
<p>“Power Purchase Agreement” means a contract between the Licensee and the Generation Licensee for purchase of the whole or any part of the installed capacity and electrical energy (to the extent specified therein) of one or more of the Generation licensee Generating Units, which may also include during the single buyer model the purchase of Ancillary Services;;</p>	
<p>“Regulations” means ERC instructions, regulatory decisions, orders, rules, directives and any determination of the ERC;</p>	
<p>“System Master Plan” means the plan for the optimisation of transmission and generation across a number of years, combining in one plan the Generation Master Plan and the Transmission Master Plan, as approved by the ERC;</p>	
<p>“System Operation Licensee” means the holder of the licence that authorises system operation granted pursuant to articles 28</p>	<p>المرخص له لتشغيل النظام حامل رخصة تشغيل النظام الكهربائي الممنوحة بموجب المواد 28 و 34 من قانون الكهرباء</p>

and 34 of the General Electricity Law;	العام.
<p>“Tariff Methodology”</p> <p>means the principles and methods for tariff calculation and review issued by the ERC and applicable to the Licensee as described in Annex 5 and modified from time to time by the ERC, in accordance to articles 9 B and 47 of the General Electricity Law;</p>	<p>منهاجية التعرفة</p> <p>تعني الاسسس التي تستخدم في حساب التعرفة و مراجعتها و اقرارها من قبل الهيئة و المطبقة على المرخص لهم كما هو موضح في الملحق رقم (5) و التي يتم تعديلها من وقت الى اخر من قبل الهيئة. انسجاما مع المادة (9 – ب) و المادة (47) من قانون الكهرباء العام</p>
<p>“Transmission Licensee”</p> <p>means the holder of the transmission licence pursuant to articles 28 and 33 of the General Electricity Law, and that during the single buyer model is also the System Operation Licensee and the single Bulk Supply Licensee,</p>	
<p>“Transmission Master Plan”</p> <p>means the development plan for the transmission system across a number of years, involving its reinforcement and extension, to ensure sufficient and reliable transmission capacity for the supply of the long-term load forecast and for the connection and operation of the generation in the Generation, as approved by the ERC;</p>	

INTERPRETATION:

- (1) Unless otherwise specified:
 - (a) any reference to a numbered article, or to an annex is respectively a reference to the article, or the annex bearing that number in this Licence;
 - (b) any reference to a numbered paragraph in an article or annex is a reference to the paragraph bearing that number in the article or annex; and
 - (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, code or other Regulation shall include a reference to such agreement, code or other Regulation as varied, supplemented or replaced from time to time.
- (2) The heading or title of any part, section, article, annex or paragraph shall not affect the construction thereof.
- (3) Where any obligation of the Licensee is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit. The extension of the time limit for performance shall be without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit.
- (4) In the articles and annexes, the word "include" shall be construed without limitation.
- (5) A reference to a law, by-law, ERC Regulation, Code or other document issued by the ERC shall be construed to refer to such law, by-law, ERC Regulation, Code, document issued by the ERC as may have been modified or replaced from time to time.
- (6) In the event of any inconsistency between the Arabic text and the English text of this Licence, the Arabic text shall prevail to the extent of such inconsistency.
- (7) In the event of any inconsistency between any terms of this Licence and Laws of Jordan, in particular the General Electricity Law, the law shall prevail to the extent of such inconsistency.
- (8) IF, any article of this license is declared invalid or contravention of any Laws of Jordan, the other articles hereof which are not affected thereby shall continue to be in full force and effect.

Article (2)

Applicability and Exemptions

The articles and the annexes to this Licence are integral and indivisible and shall be binding on the Licensee, except to the extent specified in Annex 4.

Article (3)

Scope of Licence

Without prejudice to article (35 – A) of the General Electricity Law, the purpose of this Licence is to authorise the Licensee to:

- (a) During the single buyer model, load forecasting and planning studies for the System Master Plan;
- (b) Procure from Bulk Generation to resell to Bulk Supply Customers situated in the Bulk Supply Area described in Annex 1;

Article (4)

Compliance

1. The Licensee shall comply with the laws of Jordan applicable to it, including the General Electricity Law, the Environmental Law and Licensing By-Law.
2. The Licensee shall comply with the ERC Regulations, insofar as applicable to it.
3. The Licensee shall comply with all Codes and the safety, security and reliability standards established or approved by the ERC, to the extent that such Codes and standards are applicable to its Bulk Supply Business.
4. The ERC on reasonable grounds and after consultation with the other licensees and any electricity undertaking liable of being materially affected, may issue directives relieving the Licensee of its obligations in respect to such parts of a Code or standards and to such extent as may be specified in those directives.

5. The Licensee shall not enter into any agreement with any Person if to do so would be likely to involve the Licensee in breach of the General Electricity Law or other applicable laws, by-laws, ERC Regulations, Codes, standards or this Licence.

Article (5)

Term of Licence

The duration of this Licence shall be xxxxx (xx) years commencing from the date of issuance of this Licence, unless revoked earlier in accordance with Article 18;

Provided that, shall the single buyer model end within the duration of this Licence, the ERC may modify the Conditions to take into consideration the changes introduced for the implementation of the competitive electricity market, subject to article 48 of the General Electricity Law.

Article (6)

Renewal

1. If the Licensee wishes to renew this Licence after this Licence expiration date, the Licensee shall submit to the ERC an application for renewal not later than thirty six (36) months prior to the expiration of this Licence.
2. The ERC shall have the right to accept or reject the Licensee's application for renewal in light of the Licensee's performance during the period preceding the Licensee's renewal application, in relation to the applicable Performance Standards and to compliance with applicable laws, by laws, ERC Regulations, Codes and this Licence.
3. The ERC may require that the renewed licence conform in all or some respects to the terms of the standard bulk supply licence applicable at the relevant time.

Article (7)

Prohibited Activities

1. The Licensee shall not and shall procure that any affiliate company, director and senior staff member of the Licensee shall not
 - (a) engage in, own or acquire or have an accountable interest in the generation of electricity in the Kingdom; or
 - (b) directly or through an affiliate company hold any share in a generation licensee or its affiliate company; or
 - (c) enter into an arrangement which brings about sharing of benefits with a generation licensee or its affiliate company.
2. During the single buyer model, the Licensee shall not make any loans to, or issue any guarantee for any obligations of, any other Person without the approval of the ERC, in accordance with the procedures directives or prescribed by the ERC for the purpose, provided that the ERC's approval shall not be required in respect of loans to employees and advances to suppliers in the Licensee's ordinary course of business.

Article (8)

Disposal of Assets, Change in Capital or Change in Control

1. The Licensee shall be required, for the duration of the Licence, to notify the ERC of any of the following:
 - (a) any action that may lead to a decrease of the Licensee's share capital existing on the date of this Licence was issued;
 - (b) any acquisition by a third party of more than 25% of the Licensee's share capital
 - (c) a Change in Control of the Licensee;
 - (d) the intention of the Licensee to increase or decrease its authorized capital or its paid up capital.
2. The Licensee shall be required, for the duration of the Licence, to obtain the prior written approval of ERC of any of the following:
 - (a) Subject to paragraph 4, Disposal of any part of the Licensee's Bulk Supply Business; and

- (b) Any action that may lead to a decrease of the Licensee's share capital existing on the time this Licence was issued that may affect the financial or operational qualifications on which the granting of this License was based.
3. For the purposes of paragraph 1 (c) above and notwithstanding anything to the contrary contained in this Licence, a Person shall be considered to have control of the Licensee if the Person exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the Licensee's affairs, and in particular, but without prejudice to the generality of the foregoing, if the Person possesses or is entitled to acquire a majority of the issued share capital of the Licensee or to exercise a majority of the voting rights in the Licensee.
4. For the purpose of paragraph 2 (a), the Licensee shall have the right to Dispose of a part of its Bulk Supply Business without the prior approval of the ERC if the ERC has issued a directive granting a general consent for the Disposal of assets of a specified description or below a specific cost, and the Licensee has provided, prior to the Disposal, the ERC with evidence that the asset or part of Bulk Supply Business to be Disposed of falls within the provisions of such directive.
5. Without prejudice to paragraph 4, the Licensee may apply by note to the ERC for permission of Disposal of assets, specifying assets to be disposed and the reasons, or for the approval of any of the actions set out in paragraph 2 (b) above.
6. The Licensee may Dispose of the relevant assets, or may undertake any of the actions set out in paragraph 2 (b) above, as specified in the notice referred to in paragraph 5, if:
- (a) the ERC confirms in writing that it consents to such Disposal or action; or
 - (b) the ERC does not inform in writing of any objection to such Disposal or action within thirty (30) days of the notice
 - (c) if paragraph 4 above applies; or
 - (d) in cases where the Licensee is obliged by law or final order of a competent court to Dispose of the relevant asset or part of its Bulk Supply Business, but without prejudice to the ERC's power to apply Article 18 of this Licence as a result of such Disposal.

Article (9)

Assignment

The Licensee shall not, without the prior written consent of the ERC, assign this Licence. The ERC shall not refuse its consent if the prospective assignee complies with all legal and regulatory requirements and fulfils the then prevailing technical and financial qualifications prescribed by the ERC for granting of a bulk supply licence.

Article (10)

General Provisions

1. Any correspondence between the ERC and the Licensee shall be in writing, and may be hand-delivered or mailed at the addresses set forth in Part 1 of this Licence. In addition, if agreed with the ERC, correspondence may be sent by fax or electronic mail at the address indicated in Part 1.
2. The Licensee shall notify the ERC of a change in any of its addresses specified in Part 1 and such change shall be effective seven (7) days after it is notified.

Article (11)

Information and Reporting Obligations

1. The Licensee shall furnish to the ERC, in such manner and at such times as the ERC may require prescribe in directives issued from time to time such Information and such reports relating to the Bulk Supply Business as the ERC may consider necessary in light of the terms of this Licence, to monitor compliance (including maintenance of Licensee qualifications) or as it may require for the purpose of performing the functions assigned to it by or under the General Electricity Law. The Licensee shall also submit to ERC all such Information and reports established in the Licensing By-law and the Codes that are applicable to the Licensee.
2. The Licensee shall report to the ERC with reasonable details and as soon as reasonably practical, if the Licensee experiences a significant change in its circumstances that materially affects the Licensee's ability to meet its material obligations under this Licence.

3. The Licensee shall submit an annual report in respect of its Bulk Supply Business. The report shall include all the financial, administrative and technical aspects relating to the Licensee's Bulk Supply Business requested by the ERC.
4. Without prejudice to paragraphs 1 to 3, the Licensee shall provide the ERC the reports set out in Annex 6 of this Licence.
5. In all cases the Information provided by the Licensee shall be, to the best of the available Information, accurate, complete and not misleading.

Article (12)

Confidentiality and Use of Information

1. The Licensee shall maintain the confidentiality of the Information and data it possesses on other licensee or consumers, in accordance with the agreements with such licensee or consumers, where applicable, and may not disclose such Information to third parties (other than the ERC) except when requested by laws or relevant authorities, or to the extent authorised by the concerned licensee or consumer or the ERC or required in relevant Codes or ERC Regulations.
2. The Licensee shall ensure (and shall procure that its Affiliates shall also ensure) that all Information received by it relating to the Bulk Supply Business
 - (a) is not used by the Licensee or its Affiliates for any purpose other than that for which it was provided or for a purpose permitted by this Licence or a Code; and
 - (b) is not used by the Licensee or its Affiliates for any commercial advantage in the provision of any service other than a service comprised in the Bulk Supply Business.
3. The Licensee may request the ERC not to circulate commercially sensitive Information provided by the Licensee to the ERC pursuant to this Licence. Upon satisfaction of the ERC that the Information is commercially sensitive, the ERC shall not circulate any part of or all of such Information as applicable, without the prior approval of the Licensee. These restrictions do not apply to:
 - (a) Information which is in the public domain; or

(b) Information which is, or becomes, publicly known or available otherwise than through the action of the ERC; or

(c) Information relating to performance and the level of compliance of the Licensee with the Performance Standards.

4. Only for the purpose of this Article:

“**Affiliate**” in relation to the Licensee, means any and all Holding Companies or Subsidiaries of the Licensee and any and all Subsidiaries of the Holding Companies of the Licensee;

“**Holding Company**” means a company directly and indirectly controlling another company by holding at least 25% of its shares or of the shares of its holding company;

“**Subsidiary**” means a company in which another company holds more than 25% of its voting shares or in which the other company enjoys the ability of appointing more than half of the management board of that company.

Article (13)

Health and Safety

1. The Licensee shall comply with all Jordanian laws and regulations relating to the health and safety of its employees and of the public.
2. The Licensee shall use its best endeavours to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Bulk Supply Business.

Article (14)

Dispute Resolution

Pursuant to article 18 of the General Electricity Law, the Licensee may petition the ERC, in accordance with any procedures issued by the ERC, to resolve any disputes arising between it and any other licensee if the contract with the other licensee permits it or if both licensees agree to refer such dispute, and shall refer to the ERC disputes between the Licensee and consumers.

Article (15)

Licence Fee

The Licensee shall pay to the ERC an annual licence fee in accordance with the provisions of the Licensing By-Laws. In the event of failure of the Licensee to pay the licence fee on the due date of payment, the ERC shall, without prejudice to other powers of the ERC in this regard, be entitled to receive interest of 9% per annum - according to the Jordanian Laws- on the amount unpaid by the Licensee from the due date of payment up to, but excluding, the date of payment.

Article (16)

Monitoring of Compliance

Without prejudice to the rights of the ERC in article 21 of the General Electricity Law, the Licensee shall permit the ERC authorised employees, including auditors and inspectors, to visit its premises and sites and allow them to inspect all documents, records, procedures, systems, equipment, safety measures and facilities related to the Bulk Supply Business in order to verify the Licensee's compliance with this Licence.

Article (17)

Amendment

1. The Council may amend this Licence, subject to the conditions established in article 38 of the General Electricity Law, and any amendment procedures issued through a directive of the Council.
2. The ERC shall notify the Licensee of the Council's decision to amend this Licence and the date on which the amendment shall take effect.

Article (18)

Revocation

1. Subject to article 39 of the General Electricity Law and to the Licensing By-Laws, the Council may revoke this Licence if the Licensee:
 - (a) does not provide material Information or provides inaccurate or incomplete Information in any material respect, pursuant to this Licence; or

- (b) commits a material breach of the General Electricity Law, applicable by-laws or ERC Regulations or Codes or the conditions of this Licence; or
 - (c) is declared to be bankrupt or has an administrator appointed over its assets either by arrangement of creditors, voluntarily by the Licensee or in any other way, passes a resolution for winding up or becomes subject to a court order for winding up or suffers any analogous event under Jordanian law; or
 - (d) repeatedly performs below the Performance Standards or repeatedly does not comply with other applicable standards defined in Codes, and this non compliance affects significantly the reliability of the electricity system or the security of supply of Bulk Supply Customers of its licensed business, or
 - (e) loses its technical or financial capabilities as set out in Annex 2, without immediate prospect of replacement, to such a degree that undermines the qualifications on which the granting of the Licence was based; or
 - (f) agrees in writing with the Council that the Licence should be revoked; or
 - (g) in cases where the Licensee is obliged by final order of a competent court to Dispose of an asset or part of its Bulk Supply Business which results in the inability of the Licensee to provide the Bulk Supply Business.
2. Subject to the provisions of the General Electricity Law, the grounds stipulated in paragraph 1 above shall be the sole grounds on which this Licence may be revoked by the Council.
3. Subject to article 39 of the General Electricity Law, the procedure for cancelling this Licence shall be:
- (a) if, in the reasonable opinion of the Council, the Licensee has committed a default specified in paragraphs 1(a), 1(b), 1(d), 1(e) or 1(g), the Council, before taking steps set out below, shall issue a warning notice to the Licensee giving details of such default and its intention to revoke this Licence if such default is not remedied within a specified time period which shall not be less than thirty (30) days;
 - (b) unless the Licensee accepts that it has committed the default stipulated in the Council's notice, the Council shall give reasonable opportunity to the Licensee, in accordance with the procedures prescribed by the ERC, to submit its opinion to the Council;

- (c) where the Licensee accepts that it has committed the default stipulated in the Council's notice, or where the Council determines pursuant to (b) that the Licensee has committed the default stipulated in its notice, the Licensee shall propose a plan or actions to remedy the default within the time period specified by the Council referred to in paragraph (a);
 - (d) if the Licensee fails to remedy the default in question within the time period stipulated in (a), the Council may by order revoke this Licence with effect from the date indicated in the order;
 - (e) if the Licensee remedies the default in question or causes the default in question to be remedied within the time period stipulated in (a), the notice issued by the Council pursuant to (a) shall lapse as if it had never been issued; and
 - (f) If paragraph 1 (f) applies, the Council may revoke the Licence with immediate effect.
4. If it is possible for the Licensee to continue its operations despite the occurrence of one or more of the events specified in paragraph 1 above, the ERC may, if it considers such a measure appropriate and in the interest of the consumers, instead of revoking the License, permit it to remain in force subject to such amendments, further terms and conditions as considered fit to impose, and any amendments, further terms or conditions imposed shall be binding upon and be observed by the Licensee, and shall form part of this License.
5. The ERC shall notify the Licensee of the Council's decision to revoke or amend this Licence and the date on which the revocation or amendment shall take effect and, when applicable, the decision to appoint an entity pursuant to Article 19 to take over the Bulk Supply Business pending the transfer of the Licensee's undertaking to a transferee.

Article (19)

Procedures after Revocation

1. In the event this Licence is revoked by the Council, the Council may in order to protect the consumer's interest, following the revocation of this Licence, appoint for an interim period a corporate entity under an Interim Licence as administrator to manage the Bulk Supply Business. The transfer of the Bulk Supply Business to the corporate entity

appointed by the Council shall be carried out under the directives of the Council. Instead or in addition to the above, the Council may pass such other orders as stipulated by paragraph (D) of article 39 of the General Electricity Law.

2. The corporate entity appointed by the Council pursuant to paragraph 1 shall notify all Bulk Supply Customers of the Bulk Supply Business and other licensees about its appointment, by publishing it in two or more daily national newspapers.
3. Notwithstanding the revocation of this Licence, the Licensee shall submit to the administrator appointed by the Council pursuant to paragraph 1 to provide bulk supply services under an Interim Licence, and to any transferee to whom the Bulk Supply Business may be transferred by the Licensee, all books, records, information, statements as well as the assets that it owns which are necessary for the continuity of the Bulk Supply Business.
4. Upon transfer of the assets, the corporate entity appointed by the Council, as stipulated under paragraph 1, shall exercise all rights and obligations as set forth in the Interim Licence, in addition to any directives issued by the Council in this regard and paragraph (D) of article 39 of the General Electricity Law.
5. The Licensee shall be obliged to comply with the provisions of this Article notwithstanding the revocation of the Licence.

Article (20)

Adherence to Terms of the Licence

1. Without prejudice of the provisions in Article 18, where the Council is satisfied that the Licensee has contravened any of the conditions of the Licence, the Council may issue a notification requiring the Licensee to take specific actions or refrain from taking specific actions in order to rectify the contravention.
2. Prior to issuing such notification, the Council shall inform the Licensee of its intention to issue the notification and the grounds upon which the order will be issued and provide the Licensee an opportunity to make a representation in accordance with the procedure, including time period, specified by the Council in a directive.
3. Without limiting any other right or remedy available to the ERC under law, the Council may specify in the notification a penalty for each day the Licensee is in default of compliance. The penalty specified by the Council shall not exceed the limits (if any) for

such penalties set by the General Electricity Law or other applicable legislation. If the Licensee fails to make payment on any amount of penalty to the ERC, interest shall accrue at the rate established by the Jordanian Laws.

Article (21)

Review of Council Decisions

1. The Licensee shall have the right to apply to the Council for review of its decisions in relation to revocation or amendment of this Licence or any other decision that affects the Licensee's Bulk Supply Business or its rights under this Licence.
2. If requested by the Licensee in the prescribed manner, the Council may review its decisions that affect the Licensee's Bulk Supply Business or its rights under this Licence, including its decision in relation to revocation or amendment of this Licence, prior to the revocation or amendment coming into effect.

Section 2:

General Provisions for the Bulk Supply Activity

Article (22)

Bulk Supply Code

1. The Licensee shall fully comply with the Bulk Supply Code, as established and modified from time to time by the ERC.
2. The Bulk Supply Code shall include:
 - (a) Conditions and principles on the Generation Master Plan and planning power procurement;
 - (b) Conditions and principles for competitive and non discriminatory power procurement to supply Bulk Supply Customers;
 - (c) Conditions and principles for the approval of Power Purchase Agreements;
 - (d) Procedures and principles for the coordination of the Licensee with the System Operation Licensee and the Transmission Licensee.
- 23 The ERC may, following consultation with the Licensee and for good cause shown, issue directions relieving the Licensee of its obligations to comply with specific provisions of the Bulk Supply in respect of such planning and power procurement procedures and/or to such extent or duration as may be established in such directions.

Article (23)

Non-discrimination

In providing bulk supply services, the Licensee shall not unduly discriminate against or unduly prefer any one or any group of Bulk Supply Customers.

Article (24)

Performance Standards

1. The Licensee shall conduct its Bulk Supply Business in the manner which achieves the Performance Standards for the provision of Bulk Supply services to which it is subject.
2. The Licensee shall not be in breach of its obligations under this Licence if it has failed to meet the Performance Standards or any other standard established in Codes directly due to force majeure, provided that the Licensee has used its reasonable efforts, to the extent reasonably possible, to comply with the Performance Standards or any other applicable standard established in Codes, as the case may be.
3. The Licensee shall submit from time to time, as provided for in the Performance Standards or in ERC monitoring procedures, the Information required to enable the ERC monitoring of compliance with the Performance Standards.
4. After the end of each calendar year, the Licensee shall prepare and submit to the ERC a report, in a format approved by the ERC, on the previous year against the Performance Standards. The Licensee shall publish a summary of this report in a manner approved by the ERC and make it available to all Bulk Supply Customers.

Section 3:

Planning Provisions during the Single Buyer Model

Article (25)

System Planning

1. To develop and maintain adequate system reliability and security of supply for Bulk Supply Customers, the Licensee shall
 - (a) participate, as applicable, in the planning activities to develop the System Master Plan; and
 - (b) provide timely Information for the efficient coordination of the Generation Master Plan and the Transmission Master Plan.
2. In performing the functions established in paragraph 1, the Licensee shall comply with all applicable planning procedures, criteria and standards established in Codes or prescribed in directives issued by the ERC from time to time, and ensure adequate coordination with
 - (a) the System Operation Licensee, to take into consideration all applicable reliability standards and ancillary services required; and
 - (b) the Transmission Licensee, to ensure that the Transmission Master Plan has sufficient capacity for the generation expansion and load forecast in the Generation Master Plan.
3. The Licensee shall furnish to the System Operation Licensee and to the Transmission Licensee, in such manner and at such times as may be reasonably required, any Information requested in order to ensure the co-ordinated and efficient development of the System Master Plan.

Article (26)

Medium and Long-term Load Forecast

- 1 The Licensee shall, on an annual basis:

(a) Prepare the long-term load forecast of Bulk Supply Customers at least for each of the next 10 years, in accordance with applicable Codes; and

(b) Prior to the preparation of the Generation Master Plan, submit the load forecast to the ERC for approval, including sufficient Information and details of the data, methodology and assumptions on which such forecasts are based, in accordance with directives issued by the ERC from time to time, provided that

the Licensee shall provide to the ERC such additional Information or clarifications as the ERC may require for the purpose of assessing and approving the submitted load forecast.

2. In performing the functions established in paragraph 1, the Licensee shall take into consideration:

(a) Information provided by the System Operation Licensee, including historical data, trends and short term load forecasts; and

(b) The load forecasts provided by Distribution Licensees for their distribution and retail supply areas, in accordance with the Grid Code.

Article (27)

Generation Master Plan

1. The Licensee shall be responsible for the preparation of the Generation Master Plan, for a period not less than the next 10 years and to be updated annually, which fulfils applicable generation planning criteria and principles, provided that the Generation Master Plan shall require the approval of the ERC.

2. In developing the Generation Master Plan, the Licensee shall

(a) take into consideration government energy policies and any such other factors established in directives on generation planning issued from time to time by the ERC;

(b) apply the relevant procedures and comply with reliability and generation planning standards established in Codes or directives issued by the ERC from time to time;

- (c) minimise the cost of electricity in the medium to long term; and
 - (d) in coordination with the System Operation Licensee, determine the maximum size of new Generating Units to avoid the need for excessive reserve.
- 3 Before the end of each year, the Licensee shall submit the Generation Master Plan to the ERC for approval, including sufficient Information and the description of assumptions, criteria and methodology used.
- 4 The ERC shall approve the Generation Master Plan when the Licensee has demonstrated to the ERC's satisfaction that:
- (a) The Generation Master Plan complies with Government energy policies, and with applicable Codes, planning and reliability standards or criteria and ERC directives;
 - (b) The assumptions are reasonable; and
 - (c) The planning studies have examined sufficient and reasonable alternative resources to select the least cost alternative.
- 5 The Licensee shall provide to the ERC such additional Information and clarifications the ERC may require for the purpose of assessing and approving the Generation Master Plan.

Article (28)

Dispatch and Merit Order

- 1 The Licensee shall, at such times and in such manner as may be established in the Grid Code or required by the System Operation Licensee, provide the System Operation Licensee with Information System that the System Operation Licensee reasonably requires for the Merit Order and to carry out its dispatch and operational planning obligations in a safe, economic and reliable manner.
2. The Licensee shall provide Information to plan the energy balance and coordinate with the System Operation Licensee, as established in the Grid Code,

the scheduling and dispatch of the Generating Units in its Power Purchase Agreements.

Section 4:

Power Procurement during the Single Buyer Model

Article (29)

Exclusivity

1. During the single buyer model, the Licensee shall have:
 - (a) the exclusive right to purchase electricity from Bulk Generation; and
 - (b) the obligation to resell to Bulk Supply Customers at the Bulk Supply Tariff determined by the ERC.
2. The Licensee shall not, and shall ensure that any affiliate company, director or senior staff member shall not:
 - (a) Purchase or otherwise acquire electric power for resale, other than pursuant to this Licence;
 - (b) Sell or otherwise dispose of electric power to any person, other than pursuant to this Licence; and
 - (c) Purchase or import electric power from, or sell or export or otherwise dispose of electric power to, any person outside the Hashemite Kingdom of Jordan, except when granted a permission by the Council of Ministers in accordance to article 35 (D) of the General Electricity Law.
3. When the competitive electricity market initiates pursuant to Article (48) of the General Electricity Law, the exclusivity granted in paragraph 1 (a) above shall end and the Council may amend the Conditions in this Licence to ensure compatibility with bulk supply arrangements established for the electricity market, provided that in accordance with Article (48) D- .

Article (30)

Security of Supply

1. The Licensee shall be responsible of ensuring that there is sufficient and adequate generation contracted to meet the forecasted load of Bulk Supply Customers with adequate reserve.
2. To fulfil its obligations under paragraph 1, the Licensee shall be responsible for planning studies, procurement documents and procedures to plan generation expansion and schedule timely and efficient power procurement, in accordance with this Licence, applicable Codes and directives issued by the ERC from time to time.
3. The Licensee shall not be considered in breach of the requirements of this Condition where, for circumstances beyond the control of the Licensee or that the ERC considers reasonable, the Licensee has been unable to contract sufficient electric power for Bulk Supply Customers.
4. Notwithstanding paragraph 3, in all circumstances where the Licensee has not contracted sufficient generation to meet its obligations under paragraph 1, the Licensee shall use all reasonable endeavours to meet the demand of Bulk Supply Customers as far as possible.
5. If the Licensee except to fail to meet its obligations under paragraph 1 and 4, The Licensee shall notify the ERC and the ministry with all measures that were adopted to contract sufficient electric power for Bulk Supply Customers,

Article (31)

New Generation Entry

1. To fulfil the security of supply obligations under this Licence, the Licensee shall be responsible for procuring the generation required to comply with the Generation Master Plan, and shall prepare schemes to procure new generation or Modifications to existing generation to ensure that sufficient generation is in commercial operation within the timeframe specified in such Generation Master Plan.

Article (32)

Power Procurement

1. The Licensee shall procure power for Bulk Supply Customers in an economical and efficient manner, and under a transparent power procurement process.
2. The Licensee shall not commence any process to procure power or solicit offers without prior approval by the ERC, provided that
 - (a) Pursuant to article 35 (D) of the General Electricity Law, procurements involving imports shall require permission by the Council of Ministers; and
 - (b) Procurements that qualify as initial IPP contracts or initial privatisation contracts, as defined in the General Electricity Law, shall be deemed approved by the ERC.
3. Subject to article 35 (C) of the General Electricity Law, when the Licensee procures power from a generating station with installed capacity of 5 MW or more in aggregate at a site , the Licensee shall procure such power through a competitive tender, unless the ERC allows or requires an alternative method .
4. When the Licensee considers that a competitive tender is not possible or practical, the Licensee shall request the authorisation of the ERC, provided that ERC approval shall be subject to the Licensee proving to the ERC satisfaction that alternative procurement proposed will ensure reasonable conditions and fair prices.

5. In designing and administering a competitive tender, the Licensee shall:
 - (a) Maximize efficiency and competition as possible;
 - (b) Comply with applicable Codes and directives issued by the ERC;
 - (c) Include the draft Power Purchase Agreement for bidders to offer prices on which they will sell electricity;
 - (d) Include sufficient Information for bidders to assess procurement conditions; and
 - (e) Allow bidders a reasonable time to prepare their bids.
6. The Licensee shall not, and shall ensure that any affiliate company, director and senior staff member shall not, enter into an arrangement which brings about sharing of benefits with a Generation Licensee or its affiliate company, provided that nothing in this paragraph shall preclude the Licensee from entering into a Power Purchase Agreement during the single buyer model subject to the Conditions in this Licence.
7. The Licensee shall provide to the ERC such Information as the ERC shall request concerning power procurement for the ERC to review the Licensee's economic and efficient procurement.

Article (33)

Power Purchase Agreements

1. Prior to signing any Power Purchase Agreement or a Modification to an existing Power Purchase Agreement, the Licensee shall submit the agreement for ERC approval, provided that the Power Purchase Agreements that qualify as initial IPP contracts or initial privatisation contracts, as defined in the General Electricity Law, shall be deemed approved by the ERC. .
2. When submitting the request for approval in paragraph 1, the Licensee shall include a report with the results of the procurement process, provided that the Licensee shall provide to the ERC such additional Information and clarifications

the ERC may require for the purpose of assessing and approving the Power Purchase Agreement.

3. Should the Licensee agree in the Power Purchase Agreement that meters in a transmission connection point will be installed by the Licensee, the Licensee shall install such meters and metering systems in compliance with the Metering Code and any applicable ERC directive.
4. The Licensee shall pay to the relevant Distribution Licensee, when and if applicable, the tariffs determined and approved by the ERC for the use of the distribution system of the generation connected to the distribution system of the Distribution Licensee included in Power Purchase Agreements entered into during the single buyer model, unless specified otherwise in such Power Purchase Agreements.

Article (34)

Procurement of Ancillary Services

1. During the single buyer model and as required by the System Operation Licensee, the Licensee shall coordinate with the System Operation Licensee to include in its Power Purchase Agreements the efficient and economic procurement of ancillary services.
2. Where a Power Purchase Agreement with the Licensee includes the procurement of ancillary services, the costs of such ancillary services shall be paid to the Licensee by the System Operation Licensee for in accordance with the Tariff Methodology.

Section 5:

Tariffs and Financial Conditions

Article (35)

Accounting System

1. In the event of nepco splits its activity as a result of restructuring which may cause the Bulk Supply activity to be independent, the Licensee shall:
 - a- maintain separate independent books and accounts in respect of the Bulk Supply Business authorized by this Licence from any other business the Licensee is engaged, so that they are completely separate from the accounts relating to other activities undertaken by the Licensee.
 - b- apply an accounting system, consistent with legally certified accounting standards, which will enable the Licensee to submit financial statements containing such Information and in such format as may be required by the ERC.
 - c- provide for an annual independent audit of its books and accounts by a reputable accounting firm.

Article (36)

Financial Data

Without prejudice to the provisions of Article 11, in the event of split nepco activity as a result of restructuring or unbundling which may cause independent of the Bulk Supply activity, the Licensee shall submit the following financial data to the ERC when requested by the ERC:

- (a) the Licensee's estimated budget for the following Financial Year including estimates of revenues in the light of expected demand, collections from Bulk Supply Customers and the Licensee's capital and operating expenditures;
- (b) the Licensee's financial tables for each Financial Year, together with the report of an external auditor and its remarks on such financial statements;
- (c) biannual reports on the Licensee's commercial and financial performance;

- (d) financial data required for tariff review and tariff setting, pursuant the Tariff Methodology; and
- (e) any other financial data the ERC may prescribe in directives issued from time to time.

Article (37)

Prohibition of Cross-Subsidies

The Licensee shall procure that the Bulk Supply Business does not give any direct or indirect cross-subsidy to, nor receive any direct or indirect cross-subsidy from any other business or licensed activity of the Licensee or an affiliate of the Licensee.

Article (38)

Tariff, Investment and Revenue Requirement

1. The Licensee shall supply electricity to Bulk Supply Customers, invoice and receive as payment the tariff determined by the ERC in accordance with the Tariff Methodology.
2. The revenue requirement of the Licensee shall consider the recovery of the costs of PPAs authorized by the ERC, and of existing PPAs at the date this Licence was issued.
3. The Licensee shall submit to the ERC, along with its revenue requirement data and in accordance to the Tariff Methodology, its plan for new PPAs or modifications to existing PPAs for the following Financial Years.

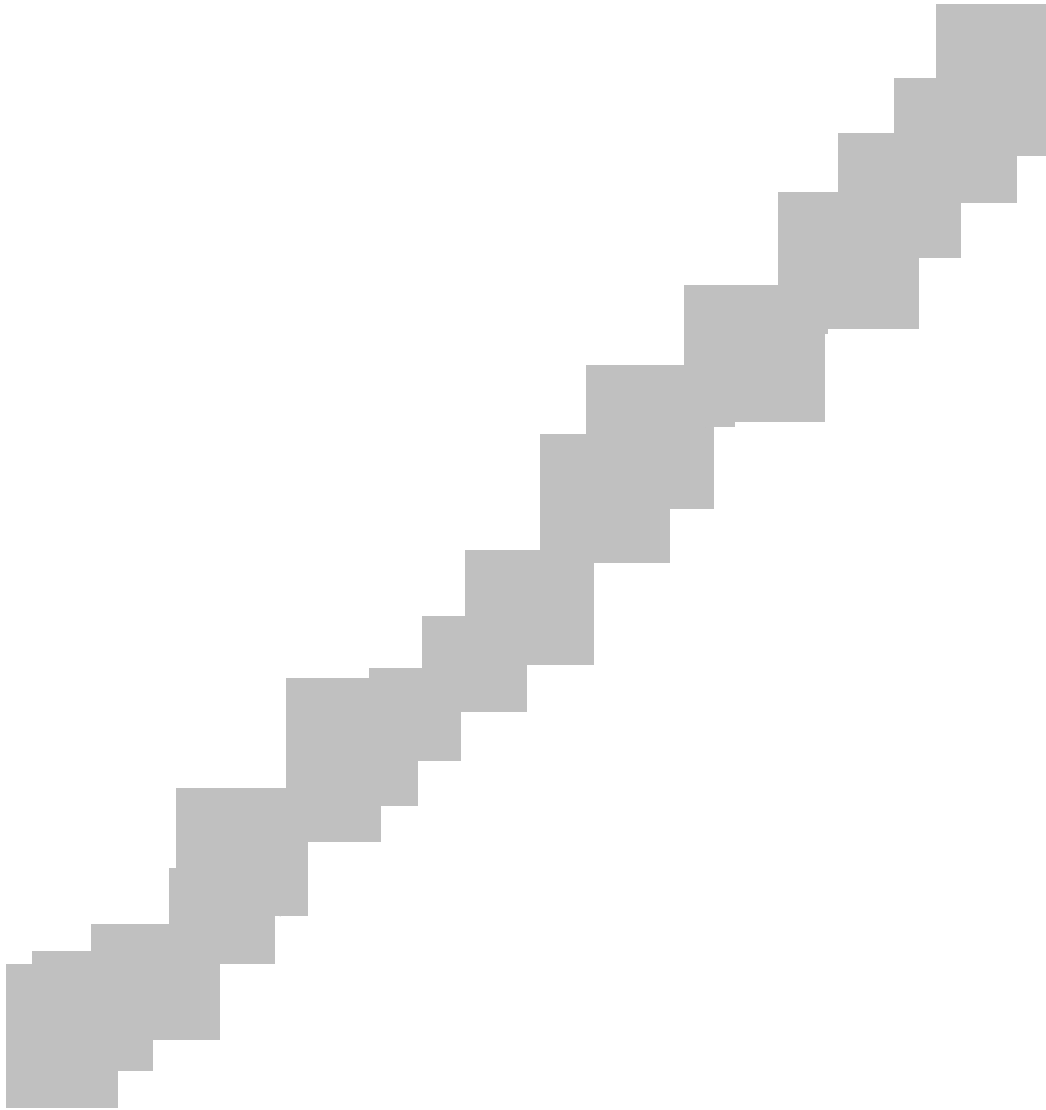
Article (39)

Economic Procurement

1. In contracting or arranging for the provision of goods, assets and services to carry out the licensed activity, the Licensee shall purchase or otherwise acquire such goods, assets and services from the most economical sources, having regard to the alternatives available and technical specifications and quality requirements and taking into consideration its obligations under the General Electricity Law and this Licence.
2. Any contract or arrangement which the Licensee enters into for the purchase of goods, assets and services from an affiliate or a related undertaking of the Licensee shall be on the basis of terms and conditions, including as to price, which:
 - (a) prevail in the market in respect of such goods, assets and services;
and
 - (b) are not affected by any extra-contractual commercial relationship between the parties.

Annex 1: Bulk Supply Area

As exclusive Bulk Supply Licensee during the single buyer model, the Bulk Supply Area includes all the Hashemite Kingdom of Jordan.



Annex 2: Qualifications

This Annex sets out the information provided to the ERC by the Licensee upon the latter's application for this Licence and on which the grant of this Licence by the ERC was based. The Licensee shall be obliged to maintain as a minimum these qualifications throughout the duration of this Licence.

1. Technical qualification:

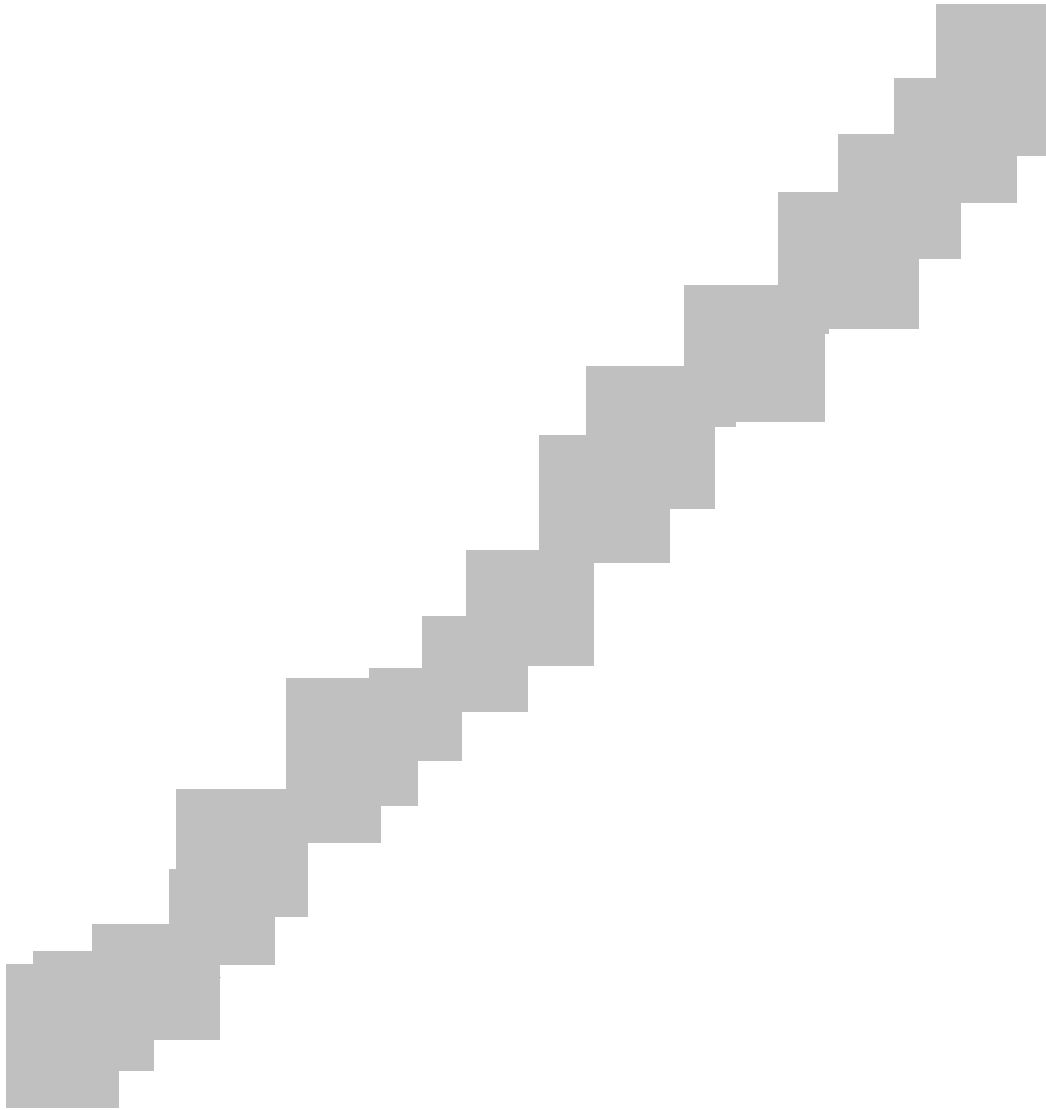
Information proving sufficient and appropriate managerial and technical capability to ensure that the Licensee can comply with the terms and conditions in the Licence.

2. Data to prove that the applicant is financially solvent

- (a) Current statements of accounts by the applicant, showing the financial state of affairs of the most recent period
- (b) Latest auditor's report and, if more than three (3) months have passed since the end of the accounting year covered by the report, a certificate from applicant stating that no adverse change has occurred

Annex 3 : Performance Standards

Note: In preparation



Annex 4: Exemptions

The following Articles or paragraphs of an Article or Annex of this Licence shall not be applicable to the Licensee:

[List of applicable exemptions plus short description of reason for exemption]

Note: *List of exemptions granted when Licence granted. Any additional exemption, if any, granted later by ERC would be added to this Annex*

Article or Annex	Paragraph	Exemption
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Annex 5: Tariff Methodology

This Annex describes the Tariff Methodology applicable to the Licensee for its bulk supply activity and shall be automatically amended to include any changes to the applicable Tariff Methodology introduced by the ERC from time to time.

During the single buyer model, a single Tariff Methodology may apply for the Transmission Licensee, the System Operation Licensee and the Bulk Supply Licensee

Annex 6: Periodic and Special Reporting Obligations

1. The Licensee shall submit to ERC annual reports that encompass financial, performance and technical aspects relating to the Licensee's Bulk Supply Business. The financial data shall include:
 - (a) Next year's revenue requirement and other financial data for the Tariff Methodology
 - (b) Auditor's report on financial Information
 - (c) Auditor's certificate that the Licensee is financially solvent
2. The Licensee shall submit to ERC all such Information and reports established in the Licensing By Law and the Grid Code.
3. Each year, the Licensee shall, not later than the month of [October] submit to the ERC for approval the long-term load forecasts for the next years.
4. Each year, the Licensee shall, not later than the month of [November] submit to the ERC for approval the Generation Master Plan for the next years.
5. The Licensee shall report to the ERC with reasonable details and as soon as reasonably practical, any delay in power procurement or new generation entry that may lead to shortages or inadequate reserve.
6. After the end of each calendar year, the Licensee shall within two three (3) months submit to the ERC an annual performance report indicating the quality of service and performance of the Licensee during the previous year against the Performance Standards.

The ERC may ask for other reports as needed to fulfil its responsibilities.

Note: *The purpose of this Annex is to clarify the reports that should be sent regularly or on special events, without the need of a specific request by the ERC.*