



Standard Distribution and Retail Supply Licence

الرخصة القياسية للتوزيع و التزويد بالتجزئة
(Version 9 Revision 5)

March 2006

Electricity Regulatory Commission
Jordan

هيئة تنظيم قطاع الكهرباء
الاردن

Standard Distribution and Retail Supply Licence

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 **25 years** starting from / / **20xx**

The Electricity Sector 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, hereby grants to [Distco] a company incorporated under the Companies Law and registered with the Ministry of Industry and Trade under registration number [xxxx] (hereinafter referred to as the “Licensee”), a licence under articles 28, 35 and 36 of the General Electricity Law for the period specified in clause 3 above, to construct, operate and maintain the distribution system within the Distribution and Retail Supply Area defined in annex 1 and carry on the business of distribution and retail supply of electrical energy within such Distribution and Retail Supply Area and with the powers and subject to the terms and conditions specified 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



Part II

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Section 1 :

General Conditions of the License

(1)Article

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:

“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;	
“Bulk Supply Licensee” means the holder of the licence that authorises bulk supply, granted pursuant to articles 28 and 35 of the General Electricity Law;	
“Bulk Supply Tariff” means the tariff for sales from the Bulk Supply Licensee to the Licensee, determined and approved by the ERC;	
“Change in Control” has the meaning assigned to the term in Article 8;	
“Codes” means the operating codes established or to be	

<p>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);</p>	
<p>“Companies Law” means the Companies Law No. 22 of 1997, and any amendments thereto, or any law that replaces the Companies Law in effect;</p>	
<p>“Connection Agreement” means an agreement between the Licensee and the Transmission Licensee for a direct connection (a new connection or a Modification to an existing connection) to the transmission system, and with the System Operation Licensee on matters related to operation and Ancillary Services.</p>	
<p>“Connection Charges” means the charges for connection to the Licensee’s distribution network as determined by the ERC, provided that until such connection charges are determined and approved by the ERC, for consumers the Connection Costs By-law put into force according to articles 31 and 32 of the Electricity Law No. 16 of 1986 shall be used</p>	

<p>“Demand Control”</p> <p>means one or more manual or automatic mechanisms to achieve a reduction in demand (whether with agreement of the consumer or not), including automatic under frequency load shedding schemes, demand reduction initiated by the System Operation Licensee, curtailment plans and restoration plans;</p>	
<p>“Dispose of” or “Disposal”</p> <p>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>“Distribution Business”</p> <p>means the Licensee’s business of distribution authorized by this Licence, using the distribution system owned and operated by the licensee, and shall include any business in providing or upgrading connections to the Licensee’s distribution system;</p>	
<p>“Distribution Code”</p> <p>means the code established or to be established by the ERC and reviewed from time to time with the distribution licensees and the approval of ERC, as defined in Article 22 of this Licence;</p>	
<p>“Distribution Code Review Panel”</p> <p>means the panel organised by the ERC to review the Distribution Code;</p>	

<p>“Distribution and Retail Supply Area” means the geographic area or areas, described in Annex 1 to this Licence, within which the Licensee can carry out the distribution activity and the retail supply activity authorized by this Licence;</p>	
<p>“Distribution and Retail Supply Business” means the business of the Licensee (i) in or ancillary to distribution and (ii) in retail supply, each as authorized by this Licence;</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>“Regulations” means ERC instructions, regulatory decisions, orders, rules, directives and any determination of the ERC;</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>“General Electricity Law” 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;</p>	

<p>“Generation Connected to Distribution”</p> <p>means a generation station that is connected directly to the distribution system of the Licensee and not connected directly to the transmission system and includes embedded generation, as the latter term is defined in the General Electricity Law;</p>	<p>وحدة التوليد المربوطة بنظام التوزيع:</p> <p>وحدة التوليد المربوطة مباشرة بنظام التوزيع الخاص بالمرخص له وليست مربوطة بنظام النقل مباشرة ، وتشمل كذلك تعريف محطات التوليد المربوطة بشبكة التوزيع المعرفة بقانون الكهرباء العام.</p>
<p>“Generating Unit”</p> <p>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;</p>	
<p>“Grid Code”</p> <p>means the document defined in the General Electricity Law, as modified from time to time and approved by the ERC;</p>	
<p>“Information”</p> <p>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;</p>	
<p>“Interim Licence”</p> <p>means an interim licence issued by the ERC in accordance with Article 19 of this Licence for the business regulated by this Licence;</p>	

<p>“Licence” means this licence, together with the annexes attached to it;</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>“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>“Modification” includes change by addition, omission, amendment or substitution, and like expressions shall be construed accordingly;</p>	
<p>“Non-core Activity” means any activity, other than that carried out as part of the business regulated and authorised in this Licence;</p>	
<p>“Performance Standards” means any standards (including performance indicators and targets) issued by the ERC in a Code or a directive or another Regulation 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>“System Operation Licensee” means the holder of the licence that authorises system operation pursuant to articles 28 and 34 of the General Electricity Law;</p>	
<p>“Tariff Methodology” 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>“Transmission Licensee” means the holder of a 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 Bulk Supply Licensees;</p>	
<p>“Use of the Distribution System” means connect to or transfer electricity through a distribution system.</p>	
<p>“User” means a natural or juridical person that connects to or transfers electricity through the Licensee’s distribution system, and that shall not include the Transmission Licensee or the System Operation Licensee. Note: please see the note under article 22 (2-b).</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 instrument shall include a reference to such agreement, code or other instrument 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 Regulations, Codes or other document issued by the ERC shall be construed to refer to such law, by-law, ERC Regulations, Codes or other document 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 this Licence and a law of the Hashemite Kingdom of Jordan, in particular the General Electricity Law, the law shall prevail to the extent of such inconsistency.

(2)Article

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.

(3)Article

Scope of Licence

The purpose of this Licence is to authorise the Licensee to engage in distribution and retail supply of electric power to consumers situated in the Distribution and Retail Supply Area.

(4)Article

Compliance

1. The Licensee shall comply with the laws of the Hashemite Kingdom 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 it.
4. The ERC on reasonable grounds and after consultation with the System Operator Licensee and any affected electricity undertaking liable of being materially affected

may issue Regulations relieving the Licensee of its obligations in respect to such parts of a Code or standard and to such extent as may be specified in those Regulations.

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.

(5)Article

Term of Licence

The duration of this Licence shall be 25 years commencing from the date of issuance of this Licence, unless revoked earlier in accordance with Article 18.

(6)Article

Renewal

1. If the Licensee wishes to renew this Licence after its 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 conforms to all or some respects to the terms of the standard distribution and retail licence applicable at the relevant time.

(7)Article

Prohibited Activities

1. The Licensee shall not, and shall ensure that any affiliate company, director and senior staff member shall not engage in transmission or own or hold directly or through an affiliate company any interest in the transmission system asset in Jordan.
2. The Licensee shall not undertake the following acts:
 - (a) engage in a Non-core Activity, unless authorized by the ERC in accordance with the Regulations or procedures prescribed by the ERC for the purpose and subject to such conditions as the ERC may impose, provided that all Non-core Activities at the date of issue of this Licence and listed in Annex 6 shall be considered authorised by the ERC; or
 - (b) make any loans to, or issue any guarantee for any obligations of, any other entity without the approval of the ERC, in accordance with the procedures Regulations 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.

(8)Article

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 distribution and retail supply business; and
 - (b) Any action that may lead to a decrease of the Licensee's share capital existing on the date of this Licence was issued that may affect the financial or operational qualifications on which the granting of the License was based.
3. For the purposes of paragraph 1 (c) 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 an asset or part of its Distribution Business without the prior approval of the ERC if the ERC has issued a directive granting a general consent for the Disposal of the 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 Distribution Business to be Disposed of falls within the provisions of such directive.
5. Without prejudice to paragraph 4 above, the Licensee may apply by note to 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) ERC confirms in writing that it consents to such Disposal or action;
 - (b) 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 Distribution 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 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 distribution and / or retail supply licence.

(10)Article

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 addressed 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.

(11)Article

Information and Reporting Obligations

1. The Licensee shall furnish to the ERC, in such manner and at such times as the ERC may prescribe in directives issued from time to time, such Information and such reports relating to the distribution and retail supply activities in this Licence and its Distribution and Retail 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 Distribution and Retail Supply Business. The report shall include all the financial, administrative and technical aspects relating to the Licensee's Distribution and Retail 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 8 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.

(12)Article

Confidentiality and Use of Information

1. The Licensee shall maintain the confidentiality of the Information and data it possesses on other licensee, in accordance with the agreements with such licensee, 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 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 Distribution 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 Distribution 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.

(13)Article

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 distribution business.

(14)Article

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 end consumers.

(15)Article

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.

(16)Article

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's authorised representatives, including auditors and inspectors, to visit its premises and sites and allow them to inspect all documents, records, procedures, systems, equipment and facilities related to the distribution and retail supply business in order to verify the Licensee's compliance with this Licence.

(17)Article

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.

(18)Article

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 in 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 quality of its licensed business; or
 - (e) loses its technical or financial capabilities, without immediate prospect of replacement, to such a degree that undermines the qualifications on which the granting of the License was based; or
 - (f) agrees in writing with the Council that this Licence should be revoked; or
 - (g) fails to provide the distribution and retail supply business during ninety (90) days in a period of six (6) months, except where the Council is satisfied that this

has occurred as a result of events beyond the reasonable control of the Licensee, in which case the Council shall authorise a longer period as it considers reasonable; or

- (h) in cases where the Licensee is obliged by law or final order of a competent court to Dispose of an asset or part of its Distribution Business which results in the inability of the Licensee to provide the Distribution 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) to (b) or 1(d), or 1(e) or 1(h), 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;
 - (f) if the Licensee ceases to perform the distribution and retail supply business as stipulated in paragraph (1) (g) or paragraph (1) (c) applies, the Council may

revoke this Licence by giving the Licensee a fourteen (14) day notice to remedy the default and this Licence will be automatically revoked at the expiry of the 14th day unless such default has been remedied; and

- (g) If paragraph 1 (f) applies, the Council may revoke this 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 Licence, 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 Licence.
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 Distribution and Retail Supply Business pending the transfer of the Licensee's undertaking to a transferee.

(19)Article

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 a corporate entity under an Interim Licence as administrator to operate the Distribution and Retail Supply Business granted in this Licence in the Distribution and Retail Supply Area. The corporate entity appointed by the Council shall be responsible for operating all the distribution facilities associated to the distribution and retail supply business in the Distribution and Retail Supply Area. The transfer of operation to the corporate entity appointed by the Council shall be carried out under the Regulations 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 customers of the Distribution and Retail 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 operator appointed by the Council pursuant to paragraph 1 to operate the distribution facilities under an Interim Licence, and to any transferee to whom the Distribution and Retail 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 Distribution and Retail 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 Regulations 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 License

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 License, the Council may issue an order requiring the Licensee to take specific actions or refrain from taking specific actions in order to rectify the contravention.
2. Prior to issuing such order, the Council shall inform the Licensee of its intention to issue the order 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 Regulations.
3. Without limiting any other right or remedy available to the ERC under law, the Council may specify in the order 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.

(21)Article

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 distribution and retail supply business or its rights under this Licence.
2. If requested by the Licensee, the Council may review its decisions that affect the Licensee's Distribution Business or its rights under this Licence, including its decision in relation to revocation or amendment of this Licence.

Section 2 :

General Provisions for the Distribution and Retail Supply Business

(22)Article

Distribution Code

1. The Licensee shall fully implement and comply with the Distribution Code.
2. The Distribution Code shall include:
 - (a) Conditions and principles on the planning, upgrade, maintenance and operation of the distribution system of the Licensee, and the operation of Generation Connected to Distribution;
 - (b) Conditions and principles for non discriminatory connection to, and use of the distribution system of the Licensee by Users;
 - (c) Conditions and principles for the supply of electrical energy to consumer premises, to power stations and other distribution systems;
 - (d) Metering of supply of energy to consumers and to or from Generation Connected to Distribution.
3. The Licensee shall keep under continuous review the implementation of the Distribution Code in its Distribution and Retail Supply Area and propose to the Distribution Code Review Panel any amendments the Licensee considers necessary, pursuant to the Distribution Code review process set out in the Distribution Code.
4. The Licensee shall ensure that it is at all times represented at the Distribution Code Review Panel by suitably qualified representatives pursuant to the provisions of the Distribution Code.

5. The Licensee shall make a copy of the Distribution Code, as revised from time to time, available for inspection by members of the public resident in its Distribution and Retail Supply Area at each of its divisional offices during normal working hours; and provide for a reasonable fee a copy of the Distribution Code, as revised from time to time, to any person residing in its Distribution and Retail Supply Area who requests it.
6. 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 Distribution Code in respect of such parts of the Licensee's distribution system and/or to such extent or duration as may be established in such directions.

(23) Article

Consumer Complaints

1. The Licensee shall:
 - (a) Implement an adequate mechanism to receive process and respond to consumer complaints related to interruptions or the quality of the distribution or retail activity, and submit a description of the mechanism for the review and approval of the ERC;
 - (b) maintain a record book for information about the identity of the complainant, type of malfunction or complaint, the location, in case of interruptions the outage time and the time taken to connect or reconnect the complainant, and all such matters established in the Distribution Code or in the Performance Standards; and
 - (c) Submit a monthly detailed report to the ERC about malfunctions, interruptions, problems in quality of service and consumers' complaints in accordance with the Performance Standards.
2. The Licensee shall, whenever requested to do so by the ERC, review the consumer complaint mechanisms, with a view to determine improvements.

3. The Licensee shall make available free to its consumers a current copy of the applicable consumer complaint procedure, as from time to time revised, at all its office premises during normal working hours.

(24)Article

Economic Procurement

In contracting or arranging for the provision of goods, assets and services to carry out the licensed activities, the Licensee shall purchase or otherwise acquire such goods, assets and services from the most economical sources, having regard to the alternatives available and taking into consideration its obligations under the General Electricity Law and this Licence.

(25)Article

Quality of Service and Performance Standards

1. The Licensee shall conduct its Distribution and Retail Supply Business in the manner which achieves the quality of service and Performance Standards for the provision of distribution and retail supply services to which it is subject.
2. The Licensee shall prepare a report within ninety (90) days after this Licence becomes effective indicating its plan to meet quality of service and Performance Standards as stipulated in paragraph 1.
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 quality of service and 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 in all its office premises.

(26)Article

Demand forecast

1. The Licensee shall submit to the ERC its studies of demand forecasts for its Distribution and Retail Supply Area as requested in the Tariff Methodology.
2. The Licensee shall inform the ERC of any demand forecast submitted to the System Operation Licensee or the Bulk Supply Licensee for the purposes of assisting the latter with their long term planning.

Section 3 :

Distribution Activity

(27)Article

Connection and Use of Transmission System

1. The Licensee shall have the right to connect to and use the transmission system in accordance with the Grid Code and the Connection Agreements agreed between the Licensee and the Transmission Licensee and the System Operation Licensee.
2. In order to connect and use the transmission system, the Licensee shall enter into a Connection Agreement in each connection point in accordance with the Grid Code and in such standard form as the ERC shall approve and as the Transmission Licensee may amend from time to time, provided that any amendment shall require the approval of the ERC. If, after a period which appears to the ERC to be reasonable for the purpose, the Licensee has failed to enter into the required Connection Agreement, the ERC shall, on the application of the Transmission Licensee and the Licensee, settle any terms of the agreement in dispute as appears to be reasonable to the ERC.

3. For the connection and use of the transmission system, the Licensee shall pay to the Transmission Licensee the applicable tariff:
 - (a) Until such time when transmission costs are separated from the Bulk Supply Tariff, the Licensee payment of the Bulk Supply Tariff shall include also the right to connect and use the transmission system without any additional payment;
 - (b) When transmission costs are separated and the Bulk Supply Tariff covers only the approved power procurement costs of the Transmission Licensee, the Licensee shall pay to the Transmission Licensee the applicable transmission use of system tariff or charges approved by the ERC.
4. Metering in transmission connection points for the supply to the Licensee or the energy exchanged with another licensee shall be undertaken through metering systems as specified in the Metering Code and such meters shall be certified in accordance with the procedures specified in the Metering Code and any applicable ERC Regulations.
5. The Licensee shall comply with any applicable procedure regarding maintenance and accuracy of the meters specified in paragraph 4, as established in the Metering Code. The Licensee shall take all reasonable steps to prevent tampering with or damage of such meters.

(28)Article

Connection and Use of Distribution System

1. The Licensee shall not unduly discriminate between consumers or undertakings of the same category in offering terms and conditions for connecting or upgrading connection to or Use of the Distribution System.
2. Subject to the other provisions in this Licence, on the application of the owner or occupier of any premises within the Distribution and Retail Supply Area or an undertaking that wants to connect or upgrade an existing connection to the distribution system of the Licensee, and who is not in arrears of any amount due to the Licensee in relation to Licensee's Distribution and Retail Supply Business, the Licensee shall;

- (a) Offer to provide connection or to provide Modifications to an existing connection of the premises or undertaking to its distribution system; and
 - (b) where the terms offered by the Licensee are accepted by the applicant and on payment to the Licensee of the relevant Connection Charges and compliance with the requirements specified by the Licensee in that regard pursuant to the Distribution Code, the Licensee shall provide the connection or the Modification of the connection to the Licensee's distribution system to those premises or undertaking, including the laying of any required distribution mains, in accordance with the terms offered.
3. The application form and application terms and procedures shall be in accordance with the timeframe, connection conditions and procedures established in the Distribution Code.
4. The cost payable for a connection to the distribution system of the Licensee shall be determined in accordance with the applicable Connection Charges.
5. The agreement to connect an undertaking shall also include, when applicable, conditions for the Use of the Distribution System of the Licensee.
6. The Licensee shall not be obliged to provide a connection in circumstances where:
 - (a) to do so would involve a breach of a technical, reliability or safety standard issued by the ERC, the Grid Code or the Distribution Code or the General Electricity Law or this Licence conditions; or
 - (b) Connecting the undertaking or consumer who has made the application endangers the security and reliability of the distribution service.
7. Where the Licensee refuses to connect an applicant, the Licensee shall inform without delay the applicant and ERC providing the reasons for such refusal.

(29)Article

Planning and Operation of the Distribution System

1. The Licensee shall plan, as necessary expand or upgrade, maintain and operate the Licensee's distribution system so as to ensure that, subject to the availability of adequate generating and transmission capacity, the distribution system is capable of providing consumers with a safe, reliable and efficient supply of electric power. In particular, the Licensee shall plan, develop and operate the Licensee's distribution system in accordance with the standards established in the Grid Code and the Distribution Code, and the Performance Standards established from time to time by ERC.
2. The Licensee shall keep a register of assets which constitute its distribution system, which must include the physical description of the distribution system and the location of equipment.

(30)Article

Interruption of Supply

1. In case the Licensee is undertaking preventive maintenance, replacement, restoration or any other construction that may lead to interruption of supply to a specific area or areas:
 - (a) the Licensee shall, no later than three days prior to the date of the interruption of supply, advertise through two or more newspapers consumers of the areas to be affected, the date on which the supply is planned to be interrupted and the period within which it will be restored; and

- (b) In addition to the above, the Licensee shall give notice in writing to each of the essential services, such as airports and hospitals, and consumers with a load in excess of 1 MW, of such disruption.
2. The Licensee shall not unduly discriminate against or unduly prefer any one individual or any category of consumers in favour of or as against any other individual or any other category of consumers in preparing and implementing curtailment and restoration plans when scheduling maintenance or other Demand Control measures, and shall endeavour that, as far as practicable and reasonable, the consumers are treated equitably in such Demand Control measures and plans, provided that exemptions may apply to vital and priority consumers.
 3. The Licensee shall inform and send to the ERC copies of any Demand Control guiding principle, demand reduction plan or demand restoration plan to be agreed by the Licensee with the System Operator Licensee, in accordance to the Grid Code.

(31) Article

Distribution Losses

The Licensee shall achieve an efficient level of electrical losses (due to technical or any other reason) on its own distribution system. In complying with this Article, the Licensee may have target levels of distribution losses established by the ERC as Performance Standards.

Article (32)

Environmental Obligations

1. The Licensee shall comply with the Environmental Law relevant to its operations, to the extent that such law affects the construction, installation, operation and maintenance of any of part of its distribution system.
2. The Licensee is required to submit an annual environmental report to the ERC in such form as the ERC may prescribe evidencing its compliance with applicable environmental protection standards under Environmental Law and general public safety conditions and relevant legislation.

Section 4 :

Tariffs and Financial Conditions

Article (33)

Separate Accounts

1. The Licensee shall maintain separate independent accounts in respect of the Distribution and Retail Supply Business authorized by this Licence and from any other business the Licensee is engaged. The accounts relating to its Distribution and Retail Supply Business shall not include the accounts relating to any Non-core Activities undertaken by the Licensee.
2. The Licensee shall ensure that there are no direct or indirect cross subsidies between its Distribution and Retail Supply Business and any Non-core Activity being undertaken by it, or the activities of its affiliate company, or a shareholder of the Licensee.
3. At the end of each Financial Year, the Licensee shall submit to the ERC a statement of compliance with the requirements of paragraph 2.

(34)Article

Accounting System

The Licensee shall 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. The Licensee shall provide for an annual independent audit of its books and accounts by a reputable accounting firm.

Article (35)

Financial Data

Without prejudice to the provisions of Article 11, 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, price of electrical energy, cash collections from consumers 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 specify prescribe in directives issued from time to time.

Article (36)

Tariffs-

1. The Licensee shall distribute and supply power to its consumers according to the tariff determined by the ERC in accordance with the Tariff Methodology.
2. The Licensee shall publish the tariffs applicable to consumers in the manner directed by ERC.
3. The Licensee shall bill each consumer pursuant to the tariff determined and approved by ERC for that consumer category and shall not be entitled to apply to a customer the tariff applicable to a different customer category.

Section 5 :
Retail Supply

Article (37)

Metering

Electric meters for recording consumption of electrical energy by the Licensee's consumers shall be installed and maintained by the Licensee in accordance with the Distribution Code. The Licensee shall take reasonable measures to ensure that they give accurate readings.

Article (38)

Obligation to Supply Consumers

1. Subject to the provisions of this Licence, and without prejudice to any of the Licensee's obligations under the General Electricity Law, the Licensee shall, upon receipt of a request from a consumer in its Distribution and Retail Supply Area, as soon as is reasonably practicable and in accordance with the Distribution Code:
 - (a) Offer to enter into a contract to supply electricity to the premises in respect of which the supply is requested; and
 - (b) Where the terms offered are accepted by the consumer, give a supply of electric power to those premises in accordance with the terms offered.
2. The Licensee shall not be required by paragraph 1 to give a supply of electric power where:
 - (a) The consumer, having requested a supply of electric power, declines to enter into the contract offered pursuant to paragraph 1;
 - (b) the Licensee is already bound by the provisions of another contract in respect of the premises where the supply is requested that will neither have expired nor

- have been terminated by the date from which the consumer requires a supply of electric power from the Licensee to commence;
- (c) there are circumstances beyond the Licensee's control which prevent the Licensee from supplying electric power to the consumer's premises in respect of which the supply is requested; and
 - (d) The Licensee has requested a deposit by way of security for the payment of charges that the Licensee is allowed to impose on the consumer, and the consumer concerned has not paid the deposit requested.
3. The Licensee shall not unduly discriminate between consumers of the same category in offering terms and conditions for supply of electrical energy to them.
 4. Whenever the Licensee refuses to supply a consumer, the Licensee shall inform as soon as possible the consumer and the ERC with the reasons for refusing the supply.

Article (39)

Power Procurement

1. The Licensee shall purchase electricity to meet the expected demand of the Licensee's consumers it supplies in the Distribution and Retail Supply Area.
2. The Licensee shall not, and shall ensure that any affiliate company, director or senior staff member shall not:
 - (a) Purchase or import or otherwise acquire electric power for resale under this Licence from any person, other than a bulk supplier or an embedded generation station;
 - (b) Sell or otherwise dispose of electric power to any person, other than pursuant to this Licence;
 - (c) purchase or import electric power from, or sell or otherwise dispose of electric power to, any person outside the Hashemite Kingdom of Jordan, except if granted a permission by the Council of Ministers in accordance to article 35 (D) of the General Electricity Law; and

3. Subject to article 35 (C) of the General Electricity Law, when the Licensee procures power from a generating station with installed capacity of 5MW or more in aggregate at a site, the Licensee shall procure such power through a competitive tender, following any guidelines issued by the ERC, unless the ERC allows or requires an alternative method.
4. During the Single Buyer Model, the Licensee shall have the right to purchase electricity from the Bulk Supply Licensee at the Bulk Supply Tariff determined and approved by the ERC.

Annex 1: Distribution and Retail Supply Area

Explanation:

This Annex will include the geographical maps and schematics identifying the Distribution and Retail Supply Area at the time of granting the Licence. Any later changes to the area(s) that may be agreed with the Licensee shall be added to this Annex.

Information that describes the Distribution and Retail Supply Area:

- For EDCO, a set of geographical maps indicating the area covered by the Licensee's distribution system and any additional area granted for future expansion of the distribution system.
- For JEPCO, a set of geographical maps indicating the area covered by the Licensee's concession area and the area covered by , any other relevant authorization to Distribute and supply that area.
- For IDECO, a set of geographical maps indicating the area covered by the Licensee's concession area and the area covered by , any other relevant authorization to Distribute and supply that area.

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
- (c) Annual forecasts for the next two years of costs and revenues, stating the assumptions underlying the figures.
- (d) Estimates of net annual cash flows for subsequent periods (5 years), sufficient to demonstrate the financial viability

The ERC may ask for other financial data as needed.

Annex 3: Performance Standards

Explanation:

When granting the Licence the list of the applicable performance indicators will be included in this annex.

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Annex 4: Exemptions

Explanation:

When applying for the Licence, the applicant shall send the list of provisions (conditions or paragraphs in a conditions) to which it should be exempted, together the reason that justifies granting such exemptions.

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

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
		[Short description of reason for exemption and, when applicable, until when the exemption applies] If applicable, any other condition that will apply instead of the condition exempted

Annex 5: Tariff Methodology

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

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Annex 6: Non-core Activities

This Annex identifies the authorised Non-core Activities at the time the Licence was granted.

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Annex 7: Assets to Provide the Distribution Service

This Annex identifies the general characteristics and scope of the distribution system, control centres and other administrative assets required to provide distribution services in the Distribution and Retail Supply Area.

The initial information corresponds to the characteristics and data at the time of granting the Licence. Any changes to these assets must be notified in advance by the Licensee to ERC, submitting the relevant Information, and shall be added to this Annex.

Required Information:

- 1- Transformers and transmission connections points
- 2- Paths of the medium-voltage network indicating the various voltages
- 3- Schematics for the distribution system for all medium and low voltages
- 4- Lengths of the medium-voltage overhead lines
- 5- Lengths of the medium-voltage cables
- 6- Lengths of the low-voltage overhead lines
- 7- Lengths of the low-voltage cables
- 8- Capacity in transformers

Annex 8: 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 distribution and retail supply business.
2. The Licensee shall submit to ERC all such Information and reports established in the Licensing By-Law, the Distribution Code and the Grid Code.
3. The Licensee shall report to the ERC with reasonable details and as soon as reasonably practical, any major incident associated with the distribution and retail supply of electricity in the Licensee's Distribution and Retail Supply Area which results in a significant interruption of service, or substantial damage to equipment or loss of life or significant injury to human beings.
4. After the end of each calendar year, the Licensee shall 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.

Note: *The timeframe is specified in 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.*