

# Standard Transmission Licence

(Final Draft)

April 2006

Transmission Services Provider

## 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 :

System to be licensed: Interconnected transmission system of Jordan

### 3. Licence Duration :

Duration of this Licence is for xxxxxx 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 (hereinafter referred to as the "General Electricity Law"), hereby grants to [NEPCO as Transmission Services Provider] 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 for the period specified in clause 3 above, to construct, operate and maintain the transmission system within The Kingdom and any transmission system that connects The Kingdom with other countries as permitted by articles 28 and 33 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 Transmission Licence

**Section 1: General Conditions of the Licence**

**Section 2: General Provisions for the Transmission Activity**

**Section 3: Planning, Connection and Use of System Conditions**

**Section 4: Tariffs and Financial Conditions**

**Annex 1: Transmission System**

**Annex 2: Qualifications**

**Annex 3: Performance Standards**

**Annex 4: Exemptions**

**Annex 5: Tariff Methodology**

**Annex 6 : Non-Core Activities**

**Annex 7: Periodic and Special Reporting Obligations**

## 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:


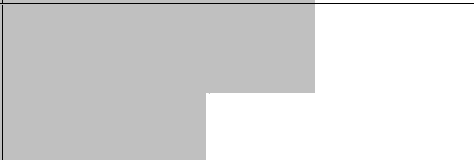

<b>“Authorized”</b> in relation to an activity means authorized to undertake that activity pursuant to a licence or exemption granted by the ERC under the General Electricity Law;	
<b>“Bulk Supply Licensee”</b> means the holder of the licence that authorises bulk supply, pursuant to articles 28 and 35 of the General Electricity Law;	
<b>“Change in Control”</b> has the meaning assigned to the term in Article 8;	
<b>“Codes”</b> means the operating 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);	
<b>“Companies Law”</b>	

<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><b>“Connection Agreement”</b> means an agreement between the Licensee and a User for a direct connection (a new connection or a Modification to an existing connection) to the Licensee’s transmission system, identifying the relevant connection site and connection point, setting out specific details in relation to that connection, and that may include provisions relating to payment of Connection Charges or use of system charges when applicable;</p>	
<p><b>“Connection Charges”</b> means the charges for connection to the Licensee’s transmission system as determined by the ERC;</p>	
<p><b>“Dispose of” or “Disposal”</b> 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><b>“Distribution Licensee”</b> means a person licensed to distribute electrical energy pursuant to articles 28 and 36 of the General Electricity Law;</p>	
<p><b>“Environmental Law”</b> 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</p>	

protection of air, land and water;	
<p><b>“ERC Regulation”</b></p> <p>means the ERC instructions, regulatory decisions, orders, rules, directives and any determination of the ERC;</p>	
<p><b>“Financial Year”</b></p> <p>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><b>“General Electricity Law”</b></p> <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;</p>	
<p><b>“Generation Licensee”</b></p> <p>means any person licensed to generate electrical energy pursuant to articles 28 and 32 of the General Electricity Law;</p>	
<p><b>“Generation Master Plan”</b></p> <p>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;</p>	
<p><b>“Grid Code”</b></p> <p>means the document defined in the General Electricity Law, as modified from time to time and approved by the ERC;</p>	

<p><b>“Information”</b></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><b>“Interim Licence”</b></p> <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><b>“Licence”</b></p> <p>means this licence, together with the annexes attached to it;</p>	
<p><b>"Licensing By-Law"</b></p> <p>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><b>“Master Plan”</b></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 planned generation, as approved by the ERC;</p>	

<p><b>“Metering Code”</b></p> <p>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><b>“Modification”</b></p> <p>includes change by addition, omission, amendment or substitution, and like expressions shall be construed accordingly;</p>	
<p><b>“Performance Standards”</b></p> <p>means any standards (including performance indicators and targets) issued by the ERC, in a Code or 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><b>“Significant Incident”</b></p> <p>means an event associated with the transmission of electricity in the Licensee’s transmission system, which results in a significant interruption of bulk supply or caused significant outages in the transmission system or User’s equipment, or substantial damage to equipment, or loss of life or significant injury to human beings;</p>	
<p><b>“System Operation Licensee”</b></p> <p>means the holder of the licence that authorises system operation pursuant to articles 28 and 34 of the General Electricity Law;</p>	
<p><b>“Tariff Methodology”</b></p> <p>means the principles and methods for tariff calculation and review issued by the ERC and</p>	

<p>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><b>“Transmission Business”</b> means the Authorised business of the Licensee in the planning, development, construction and maintenance of the Licensee’s transmission system, and shall include any business in providing or upgrading connections to the Licensee’s transmission system;</p>	
<p><b>“Use of System”</b> means use of the Licensee’s transmission system for the transmission of electricity by a User;</p>	
<p><b>“User”</b> means a natural or juridical person that connects to the Licensee’s transmission system, and that shall not include the System Operation Licensee.</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 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 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.

## **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**

The purpose of this Licence is to authorise the Licensee to engage in transmission to Users connected to the transmission system within The Kingdom and in international interconnectors with other countries, using the transmission system described in Annex 1.

### **Article (4)**

#### **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 its Transmission Business and transmission facilities.
4. The ERC on reasonable grounds and after consultation with the other licensees and any 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 standards 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.

## **Article (5)**

### **Term of Licence**

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

## **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 transmission 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. The Licensee shall not on its own account (or that of the Licensee or of any affiliate company or related undertaking of the Licensee as the case may be except during the single buyer model for the Bulk Supply Licensee), purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties, provided that
  - (a) this inhibition does not apply to procurement of ancillary services by the System Operation Licensee pursuant to article 34 B- of the General Electricity Law; and
  - (b) during the single buyer model, this inhibition does not apply to purchases and sales of the Bulk Supply Licensee.
3. 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 person 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.

## **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 Transmission Business (including any of the assets forming part of the Transmission System); 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 Licence 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 transmission assets or part of its Transmission 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 Transmission 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 (b) of paragraph 2 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 Transmission 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 transmission 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 transmission activities and Transmission 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 Transmission Business. The report shall include all the financial, administrative and technical aspects relating to the Licensee's Transmission 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 7 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 Transmission 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 Transmission 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 Transmission 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. NEPCO Comment: NEPCO is considered in the tariff methodology as a non profit company, so interest should not be applicable.

## **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'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 Transmission 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 bylaws 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 quality 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 law or final order of a competent court to Dispose of an asset or part of its Transmission Business which results in the inability of the Licensee to provide the Transmission 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; (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 Transmission 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 Transmission Business and the transmission facilities specified in Annex 1. The transfer of the transmission activity 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 Users of the Transmission 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 National Control Centre under an Interim Licence, and to any transferee to whom the Transmission 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 Transmission 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 Licence**

1. Without prejudice to 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 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 Regulation.
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.

## 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 Transmission Business or its rights under this Licence.
2. If requested by the Licensee , the Council may review its decisions that affect the Licensee's Transmission 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 Transmission Activity**

#### **Article (22)**

##### **Grid Code**

1. In planning, providing connection and maintaining the transmission system, the Licensee shall fully comply with the Grid Code.
2. In case the Licensee finds that it is, or will be, unable to comply with any provision of the Grid at any time, then it shall make such reasonable efforts as are required to remedy such non-compliance as soon as reasonably practicable and notify immediately the ERC.
3. The ERC may, following consultation with the Licensee and other licensees or Users that may be affected, and for good cause shown, issue directives relieving the Licensee of its obligations to comply with specific provisions of the Grid Code in respect of such parts of the Licensee's transmission system and/or to such extent or duration as may be established in such directives.

#### **Article (23)**

##### **Non-discrimination**

In providing connections and transmission services, the Licensee shall not unduly discriminate against or unduly prefer any one or any group of Users.

#### **Article (24)**

##### **Environmental Obligations**

The Licensee shall comply with any Environmental Law relevant to its operations, to the extent that such law affects the Transmission Business.

## **Article (25)**

### **Quality of Service and Performance Standards**

1. The Licensee shall plan, expand and maintain the transmission system in the manner which achieves any Performance Standards to which it is subject, as may be established by the ERC, or any other applicable standard established in Codes.
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 operating standard established in Codes, as the case may be.
3. The Licensee shall prepare a report, within ninety (90) days after this Licence becomes effective, indicating its plan to meet the Performance Standards as stipulated in paragraph 1.
4. 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.
5. 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 Users.

## **Article (26)**

### **Insurance**

The Licensee shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Transmission Business.

## Section 3:

### Planning, Connection and Use of System Conditions

#### Article (27)

##### Transmission System Planning

- 1 To develop and maintain system reliability and adequate transmission capacity for load growth, new generation entry and development of regional interconnectors, the Licensee shall plan and maintain the transmission system, in accordance with the planning procedures, criteria and standards established in the Grid Code, and the Performance Standards and other reliability standards as the ERC may approve from time to time.
2. In performing the functions established in paragraph 1, the Licensee shall ensure adequate coordination with.
  - (a) the System Operation Licensee, to take into consideration all applicable reliability standard or system constraint that may affect system operation and the economic dispatch;
  - (b) During the single buyer model, the Bulk Supply Licensee to take into consideration its long-term load forecast and the Generation Master Plan; and
  - (c) Affected Users, to take into consideration their load growth or need for additional transmission capacity or connections to the transmission system.
3. The Licensee shall coordinate the system planning activities and prepare a least cost Master Plan, provided that during the single buyer model such Master Plan shall be prepared optimising the Generation Master Plan and the plan for the transmission system.
4. Each year and following the procedures established in the Grid Code, the Licensee shall prepare and submit for ERC approval a Master Plan, for a period not less than the next ten (10) years, that complies with all applicable transmission planning criteria and performance requirements. The Licensee may during the year submit to the ERC a revision to the approved Master Plan in order that the information set out in the plan shall continue to be accurate in all material aspects.

4. Each Master Plan, or its revision, shall require the approval of the ERC and shall not become effective until approved by the ERC. In reviewing the Master Plan, or a revision submitted to it, the ERC may request the Licensee for clarifications and additional Information as necessary, or do a consultation process with affected Users and the System Operation Licensee, provided that during the single buyer model such consultation shall include the Bulk Supply Licensee.
5. The Licensee shall publish the approved Master Plan, and shall provide a copy to any person who asks for one, provided that the Licensee may make a charge of an amount reflecting the Licensee's reasonable costs of providing such copy of the plan, which costs shall not exceed the maximum amount specified in a Regulations issued by the ERC for the purposes of this condition.
6. The Licensee shall furnish to other licensees and Users, in such manner and at such times as may be reasonably required, any information requested by other licensees or Users in order to ensure the co-ordinated and efficient development of the electric system and efficient decisions on new generation location.

## **Article (28)**

### **Transmission Expansion and Maintenance**

1. The Licensee shall be responsible for, as necessary, the expansion and upgrade of the transmission system.
2. Subject to the Master Plan approved by the ERC, the Licensee shall ensure that the approved transmission expansions and reinforcements are built on time and in an economic and safe manner, minimising environmental impact.
3. The Licensee shall be responsible for adequate maintenance of its transmission system. The Licensee shall ensure that no facility required for transmission services is abandoned, totally or partially, or does not have adequate maintenance.

## Article (29)

### Connection and Use of Transmission System

1. The Licensee shall not unduly discriminate between Users or category of Users in offering terms and conditions for connecting or upgrading connection to or use of the transmission on system.
2. In each connection point to the transmission system, the Licensee shall enter into a Connection Agreement with the corresponding User, 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. The Connection Agreement may also include, when applicable, conditions for the use of the transmission system of the Licensee.
3. Subject to other provisions in this Licence, on the application of a person or undertaking that wants to connect to the transmission system or a User that wants to connect or upgrade an existing connection to the transmission system of the Licensee, and who is not in arrears of any amount due to the Licensee in relation to Licensee's Transmission Business, the Licensee shall;
  - (a) offer to provide connection or to provide Modifications to an existing connection to its transmission system; and
  - (b) where the terms offered by the Licensee are accepted by the applicant and compliance with the requirements specified by the Licensee pursuant to the Grid Code, the Licensee shall enter into a Connection Agreement to provide the connection or the Modification of the connection to the Licensee's transmission system, in accordance with the terms offered.
4. The Licensee shall offer terms for a connection in accordance with paragraph 2 and 3 as soon as practicable and, in any event, not more than ninety (90) days after receipt by the Licensee of an application and all the information required for the purposes of formulating the terms of its offer. The ERC may grant an extension to this timeframe at the request of the Licensee.
5. If, after the period specified in paragraph 4, the Licensee has failed to enter into the required Connection Agreement with a User or any applicant, the ERC shall, on the request of the Transmission Licensee and the applicant party, settle any terms of the agreement in dispute as appears to be reasonable to the ERC.

6. The cost payable for a connection to the transmission system of the Licensee shall be determined in accordance with the applicable Connection Charges.
7. The Licensee shall not be obliged to provide a connection in circumstances where:
  - (a) it has demonstrated to the ERC satisfaction that, by reason of the capacity of the transmission system and the use made or reasonably expected to be made of it, the Licensee would be required to expand or reinforce the capacity of the transmission system beyond the extent foreseen in the Licensee's approved Master Plan; or
  - (b) to do so would involve a breach of a technical, reliability or safety standard issued by the ERC, the Grid Code, the General Electricity Law or this Licence conditions.
8. When the Licensee refuses to connect an applicant, the Licensee shall inform without delay the applicant and the ERC, providing the reasons for such refusal.

### **Article (30)**

#### **Transmission Losses**

The Licensee shall achieve efficient electrical losses on its transmission system. In complying with this Article, the Licensee may have standard levels of transmission losses established by the ERC as minimum Performance Standards.

## **Section 4:**

### **Tariffs and Financial Conditions**

#### **Article (31)**

##### **Accounting System**

1. The Licensee shall maintain separate independent books and accounts in respect of the Transmission 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.
2. 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.
3. The Licensee shall provide for an annual independent audit of its books and accounts by a reputable accounting firm.

#### **Article (32)**

##### **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, collections from Users 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 to the Tariff Methodology; and
- (e) any other financial data the ERC may specify prescribe in directives issued from time to time.

### **Article (33)**

#### **Prohibition of Cross-Subsidies**

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

### **Article (34)**

#### **Tariff, Investment and Revenue Requirement**

1. The Licensee shall transmit electricity 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 financing cost of the new investments in the transmission system that result from the approved Master Plan, and of existing investments 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 investment plan for the following Financial Years.

## **Article (35)**

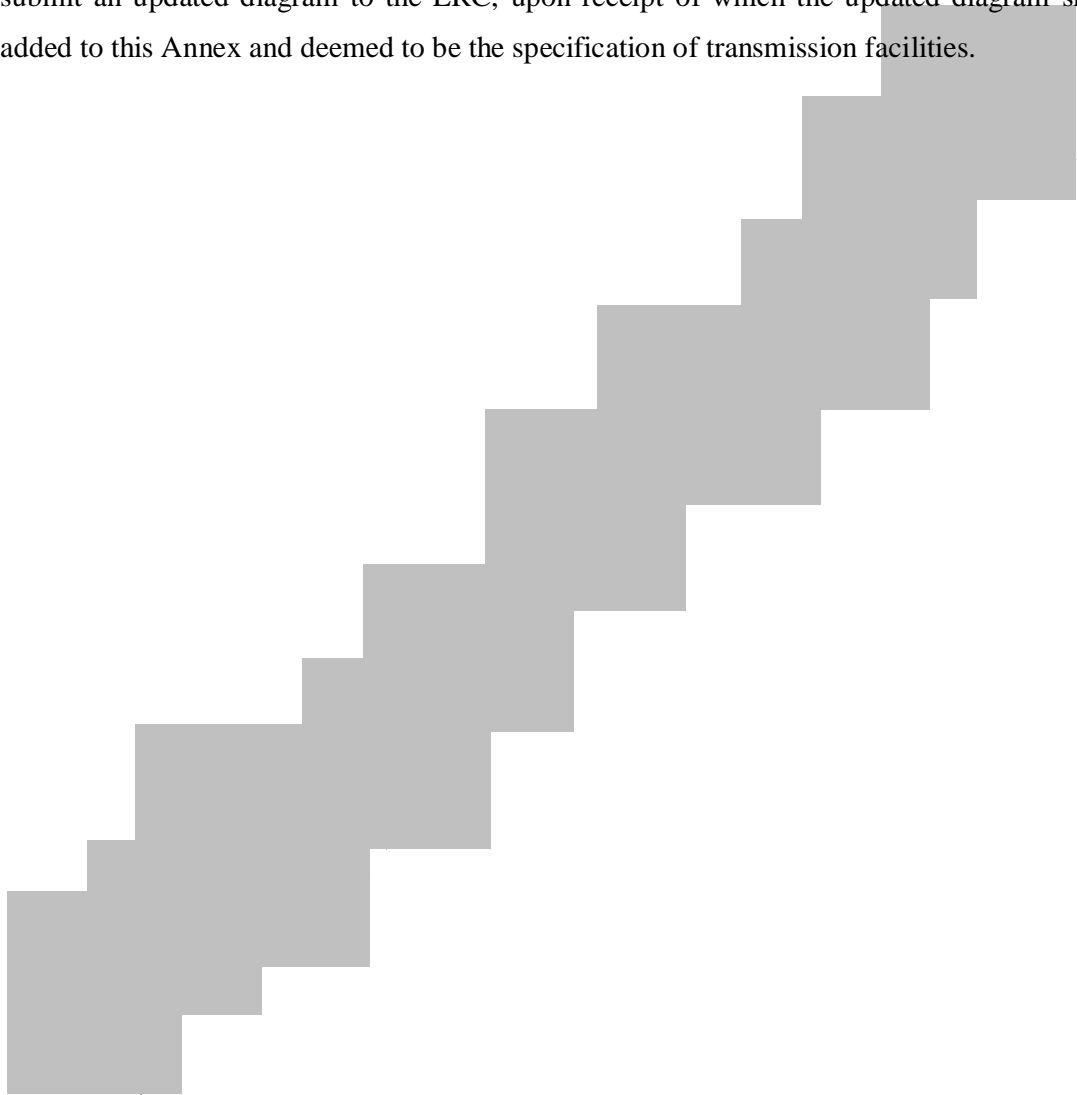
### **Economic Procurement**

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 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: Transmission System**

This Annex will include the description and diagram of the transmission system of the Licensee.

Subject to conditions in this Licence, the Licensee may alter the transmission facilities and shall submit an updated diagram to the ERC, upon receipt of which the updated diagram shall be added to this Annex and deemed to be the specification of transmission facilities.



## **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 as Transmission Services Provider:**

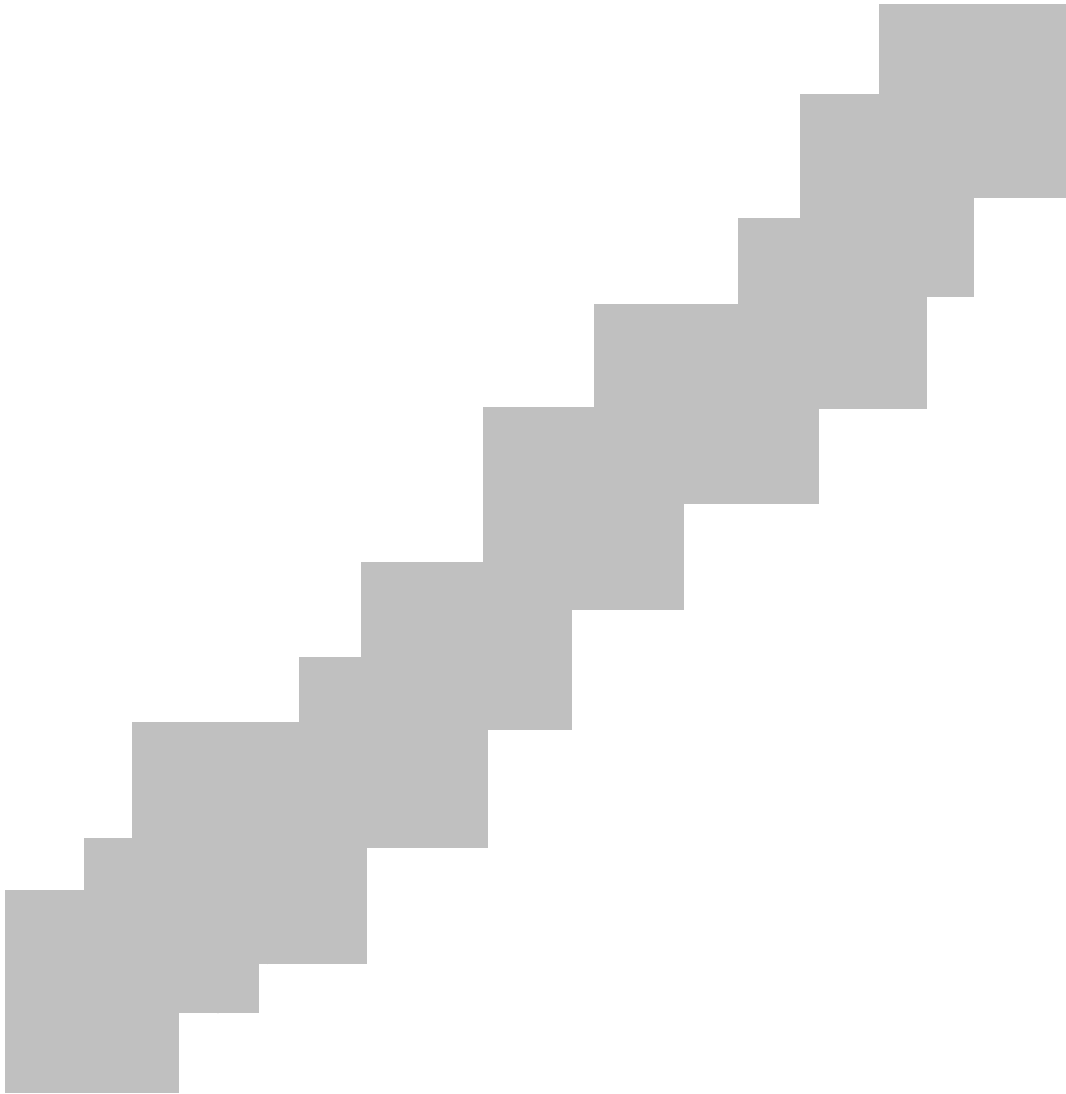
Information proving sufficient and appropriate managerial and technical capability to ensure that the Licensee can comply with the terms and conditions in the Licence.

### **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: Being finalised*



## 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 ]

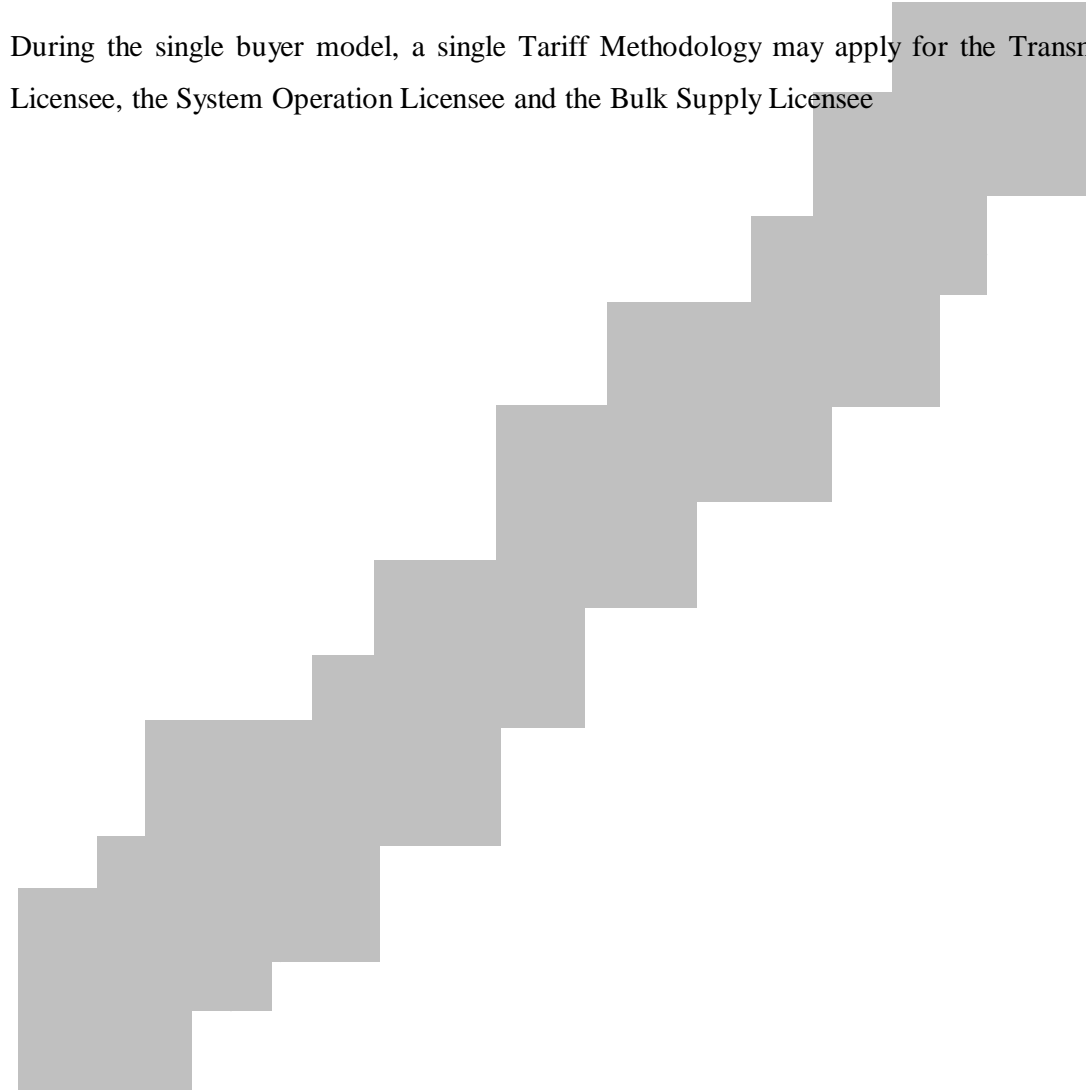
**Note:** List of exemptions granted when Licence granted. Any additional exemption, if any, granted later by ERC would be added to this Annex

Article or Annex	Paragraph	Exemption

## Annex 5: Tariff Methodology

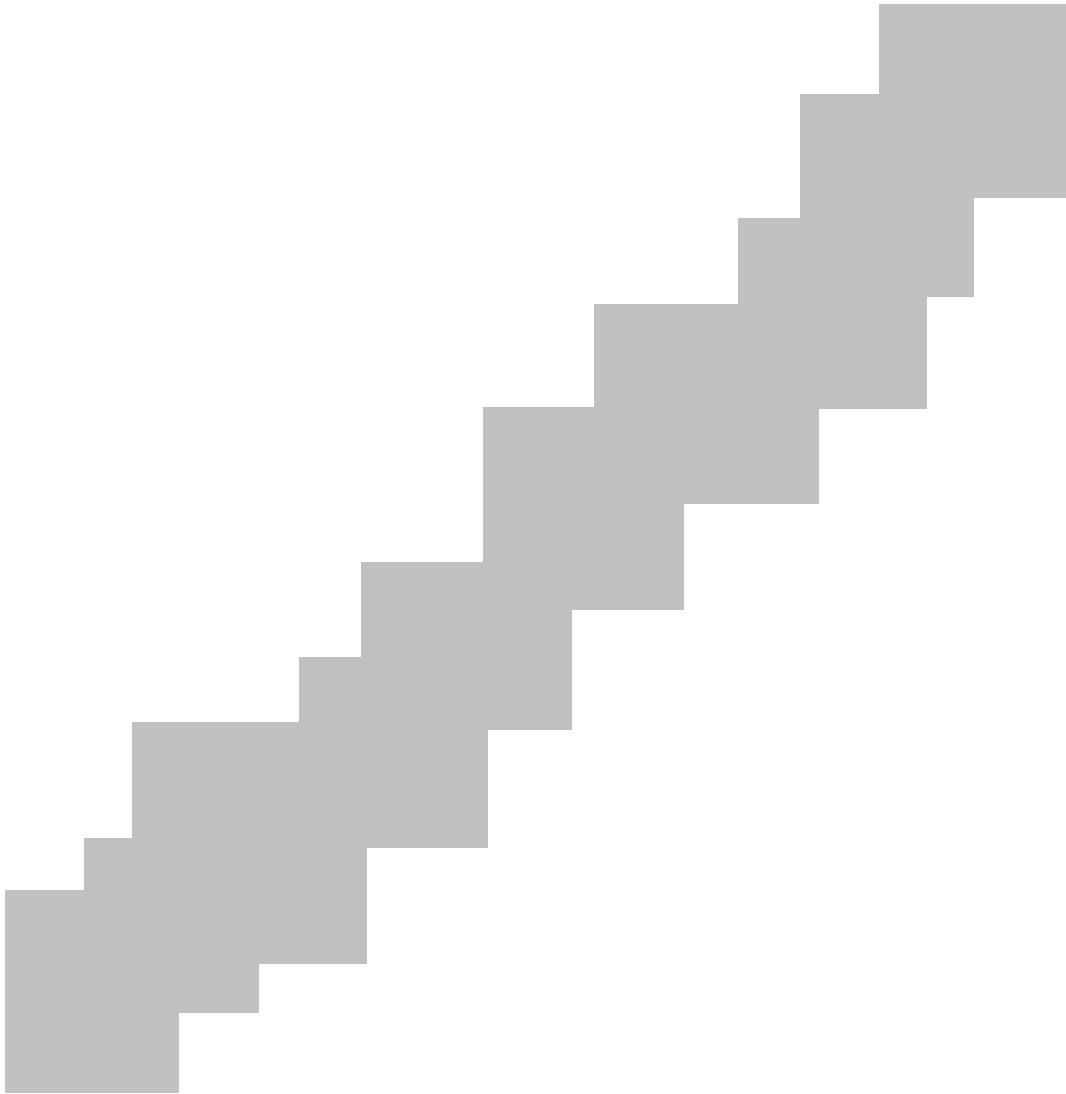
This Annex describes the Tariff Methodology applicable to the Licensee for its transmission operation activity and shall be automatically amended to include any changes to the applicable Tariff Methodology introduced by the ERC from time to time.

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: Non-core Activities

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



## Annex 7: 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 Transmission 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. The Licensee shall report to the ERC with reasonable details and as soon as reasonably practical, any Significant Incident associated with the transmission system.
4. Each year, the Licensee shall, not later than the month of [October] submit to the ERC the Transmission Master Plan for the next years.
6. Each year, the Licensee shall, not later than the month of [xxxxxxx] submit to the ERC the System Master Plan for the next years.
7. 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.