

DRAFT – August 2019

GENERATION LICENCE

Granted to

GRENADA ELECTRICITY SERVICES LIMITED

under

SECTIONS 14 AND 67 OF THE ELECTRICITY ACT, 2016

_____, 2019

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DRAFT

MODEL GENERATION LICENCE
Granted to
GRENADA ELECTRICITY SERVICES LIMITED
under
SECTIONS 14 AND 67 OF THE ELECTRICITY ACT, 2016

[_____], 2019

PART I: GRANT OF THE LICENCE

1. Grant of Licence.

The Minister with responsibility for the electricity sector (the “Minister”), in the exercise of the powers conferred by sections 14 and 66 of the Electricity Supply Act, 2015 (the “Act”) and all other powers exercisable by him for that purpose, **HEREBY GRANTS** to Grenada Electricity Services Limited (“GRENLEC” or “Licensee”) a non-exclusive generation licence for the generation and storage of electricity in Grenada and the supply of such electricity to the Authorised Network Electrical System (the “Licence”), for the period specified in Part II(C)(1) (the “Term”) and subject to the terms and conditions specified in Part II.

2. Citation.

This Licence shall be cited as the GRENLEC Generation Licence.

3. Effective Date.

This Licence shall come into effect on the ____ day of _____, 2019 (“Effective Date”), and shall continue in full force and effect until the expiration of the Term, as it may be modified from time to time and unless suspended or revoked pursuant to the Act and the other terms and conditions set forth herein.

4. Governing Law.

This Licence shall be governed by and construed, enforced and performed in accordance with the Act; the regulations; the Public Utilities Regulatory Commission Act (“PURCA”); and all other applicable laws of Grenada, including any laws for the protection of the environment.

Sealed and executed on the ____ day of _____, 2019.

Minister with responsibility for the electricity sector

PART II: TERMS AND CONDITIONS

A. Interpretation

1. **Words and Expressions.**

Except as defined otherwise in Part II(A)(2), words and expressions used in this Licence shall have the same meanings as set forth in section 2 of the Act; to the extent not otherwise defined in the Act, in section 2 of the PURCA; and to the extent not defined in the Act or the PURCA, as set forth in the Interpretation and General Provisions Act. All words, expressions, terms and conditions of this Licence shall be construed consistent with the Interpretation and General Provisions Act.

2. **Definitions.**

In this Licence, the following terms shall have the following meanings:

“Act” has the meaning provided in Part I(1);

“Affiliate” has the same meaning as the term “affiliated corporations” in section 538 of the Companies Act of Grenada and shall also include any individual person who holds ten (10) percent or more of the ownership interest of the Licensee or any such affiliated corporation;

“Authorised Generation Electrical System” means the Generation Electric Plants and related electric lines and other apparatus between the Generation Electric Plants and the Authorised Network Electrical System, as set forth on Schedule A;

“Authorised Network Electrical System” means the electrical system through which the Licensee is authorised to transmit, distribute and sell electricity to consumers under the GRENLEC Network Licence;

“Business Day” means a day on which banks are open for business in Grenada;

“Catastrophic Failure” means a sudden and unexpected failure of one or more Generators or any other element that forms part of any Generation Electric Plant and that renders such Generator(s) or the Generation Electric Plant or Authorised Generation Electrical System economically or technically unfit to generate electricity in whole or in part;

“Effective Date” has the meaning provided in Part I(3);

“Fair Market Value” means probable price at which a willing buyer will buy from a willing seller when (1) both are unrelated;

“Generation Electric Plants” means the electric plants owned and operated by the Licensee as of the Effective Date, set forth on Schedule A;

“Generation Operating Standards and Performance Targets” means the operating standards and performance targets for the Authorised Generation Electrical System set forth on Schedule B, to be reviewed from time to time by the Commission and the Licensee and amended by the Minister as set forth in Part II(E) and Schedule B;

“Generator” means any approved apparatus utilised by the Licensee to generate electricity at its Generation Electric Plants and identified on Schedule A;

“GRENLEC Generation Licence” has the meaning provided in Part I(2);

“GRENLEC Network Licence” means the network licence issued to the Licensee of even date herewith;

“Licensee” and “GRENLEC” have the meaning provided in Part I(1);

“Renewable and Efficient Energy Portfolio Mandate” means a programme established by the Minister from time to time for the Licensee’s own generation, or its purchase from independent power producers and/or self-generators, of electricity from renewable and/or efficient energy sources, for the Licensee’s transmission, distribution and supply to consumers pursuant to the GRENLEC Network Licence;

“Schedule” means a schedule to this Licence;

“Term” has the meaning provided in Parts I(1) and II(C)(1).

3. Other Interpretative Provisions.

- (a) The Schedules shall form an integral part of this Licence.
- (b) A reference to a Part, Subpart, or Schedule is a reference to the relevant Part or Subpart of, or Schedule to, this Licence, and a reference to “this Licence” includes the Schedules hereto.
- (c) Headings in this Licence are for convenience and reference only and shall be disregarded in interpreting this Licence.
- (d) Words of inclusion shall not be construed as terms of limitation, so that references to included matters shall be regarded as non-exclusive, non-characterising illustrations.
- (e) The terms “hereof,” “herein,” “hereto” and similar words refer to this entire Licence and not to any particular Part, Subpart, Schedule or any other subdivision of this Licence.
- (f) References to the Licensee or any other person shall be construed to include the Licensee’s or such other person’s successors and permitted assigns.
- (g) References to “this Licence” or any other written law or agreement or other document shall be construed as a reference to this Licence or such other written law, agreement or other document as amended, modified or supplemented from

time to time, and shall include a reference to any written law, agreement or document that amends, modifies or supplements, or is entered into, made or given pursuant to or in accordance with its terms.

- (h) For avoidance of doubt, the Licensee is not an independent power producer as that term is defined and utilised in the Act and the regulations.

B. Authorisation

1. Scope of Licence.

This Licence authorises and gives the Licensee the non-exclusive right to generate electricity in Grenada by means of the Authorised Generation Electrical System, store such electricity, and supply it to the Authorised Network Electrical System. Licensee shall carry out its electricity generation activities by means of the Authorised Generation Electrical System, subject to and in accordance with any Renewable and Efficient Energy Portfolio Mandate established by the Commission from time to time.

2. Eligibility to Propose and Bid on Generation Projects.

During the Term and subject to the other terms and conditions of this Licence, the Licensee –

- (a) may propose, for the Minister’s consideration pursuant to section 21 of the Act, the replacement of any Generators providing generation capacity at an existing Generation Electric Plant as of the Effective Date, any increase in its authorised generation capacity at its existing Generation Electric Plants, and/or any new projects for the generation of electricity from renewable and/or efficient energy resources; and
- (b) shall be eligible to bid for any new projects for which the Government, pursuant to section 17(z) of the Act, determines to holds a tender for the introduction of electricity generation capacity from renewable and/or efficient energy resources.

3. Prohibition on Cessation of Licensed Operations.

Further to the provisions of section 18 of the Act, except as this License expires or is revoked or suspended in accordance with its terms and the Act, the Licensee shall not cease to operate all or any part of the Authorised Generation Electrical System and supply electricity generated at it to the Authorised Network Electrical System in the manner provided for herein, without first obtaining the written consent of the Minister, who shall consult with the Commission prior to determining whether to give any such consent.

4. Compliance with Legislation.

The Licensee shall comply with all the obligations established in the Act, the PURCA, Regulations, Orders and decisions of the Minister and the Commission. The Licensee shall also comply with all environmental legislation and any other legislation applicable to its operations and to the activities allowed to carry out pursuant to this Licence.

C. Term

1. **Initial Term.**

Pursuant to section 14(1) of the Act, the initial term of this Licence shall be 25 years from the Effective Date.

2. **Amendment to Address New Generation Capacity.**

Subject to sections 21 and 22 of the Act, governing the modification and extension of licences, and the other provisions of this Part II(C) --

- (a) If the Minister approves any request by the Licensee to install replacement or increased generation capacity at its existing Generation Electric Plants to carry out a new project for the generation of electricity from renewable and/or efficient energy resources, or if the Licensee is awarded the right in a tender process to carry out a new project for the generation of electricity from renewable and/or efficient energy resources, the Minister may:
 - (i) Extend the term of the licence to correspond with the useful life of the relevant Generators, but no more than the maximum length of time permitted under section 22(1) of the Act; or
 - (ii) Grant a separate licence for the operation of the new generation capacities thus authorised which shall correspond with the useful life of the relevant Generators, but no more than the maximum length of time permitted under section 22 (1) of the Act.
- (b) If the Licensee wishes to extend the life of an existing Generator listed on Schedule A beyond its economic life provided for on such Schedule, it may apply to the Minister, at least six months prior to the date on Schedule A for the end of such Generator's economic life, for an extension of the estimated useful life of such Generator and provide detailed economic and technical justification to support its application, including information demonstrating the efficiency of the Generator, as well as such other information as the Minister may request. Such application shall be subject to the Minister's approval, and, if it is approved, this Licence may be amended as may be necessary to cover the extended economic life of such Generator.

3. **Procedure for Amendments and Extensions.**

The provisions of sections 21 and 22 of the Act shall apply to the procedure for, respectively, amendments and extensions of the Term.

4. **Procedure for Renewals.**

The renewal of this licence shall be subject to the following:

- a) the Minister may upon an application by the licensee in the prescribed form and on the recommendation of the Commission renew this licence;

- b) an application for renewal of this licence shall be made at least three years prior to the expiry of the licence;
- c) Section 21 of the Electricity Act shall apply *mutatis mutandis* to an application for renewal of this licence;

D. Technical and Performance Standards

1. General and Specific Obligations.

The Licensee shall develop, operate, provide, and maintain a regular, efficient, coordinated, safe and economical supply of electricity from the Authorised Generation Electrical System to the Authorised Network Electrical System in accordance with the Generation Code, the technical and performance standards established in the regulations and otherwise develop, operate and maintain the Authorised Generation Electrical System in accordance with such regulations. Pending the issuance of such regulations, the Licensee shall comply with the technical and performance standards applicable to, and/or under which it has been operating and maintaining the Authorised Generation Electrical System and supplying electricity to the Authorised Network Electrical System prior to the Effective Date. In such event, the Licensee shall, within the sixty days after the Effective Date, provide to the Commission and to the Minister detailed information on the technical and performance standards under which it has been and is operating and maintaining the Authorised Generation Electrical System and supplying electricity to the Authorised Network Electrical System, and shall provide such additional information as the Commission may require, pending the issuance of the relevant regulations.

2. Reports on Compliance with Technical and Performance Standards.

Except as may be provided otherwise in regulations, by 15 January, April, July and October of each year of the Term, the Licensee shall file a quarterly report with the Commission, and shall provide a copy thereof to the Minister, providing such information as the Commission may require on the Licensee's compliance and/or non-compliance with the technical and performance standards applicable to the Authorised Generation Electrical System during the previous quarter. In addition to the quarterly report, the Licensee shall also file an annual report with the Commission, and shall provide a copy thereof to the Minister, on the fulfilment of all its legal and licensing obligations during the previous year. The Commission may decide to publish this annual report on its website.

3. Periodic Review of Technical and Performance Standards.

The Commission may require the Licensee to review the technical and performance standards applicable to the Authorised Generation Electrical System, or the Licensee may of its own volition conduct such reviews, from time to time, and the Commission or the Licensee, or both jointly, may propose to the Minister any amendments to the technical and performance standards regulations that may be necessary or desirable to develop, operate and/or maintain the Authorised Generation Electrical System and/or to meet the needs of the Authorised Network Electrical System. If such proposals are

recommended by the Commission and approved by the Minister (in the case of proposals made unilaterally by the Licensee), or approved by the Minister (in the case of proposals made jointly by the Commission and the Licensee), the Minister shall amend the relevant regulations accordingly.

4. Enforcement of the Technical and Performance Standards.

Without prejudice to the Minister's powers under section 23 and 24 of the Act, the Commission shall be responsible for monitoring and enforcing the Licensee's compliance with the technical and performance standards established in the regulations or, pending the issuance of the regulations, as otherwise provided above, including the imposition of any penalties for non-compliance and other violations provided for in the Act, the PURCA, and/or the regulations.

5. Catastrophic Failures.

Notwithstanding any other provision of this Licence and in accordance with any applicable provisions in the regulations, in the event of a Catastrophic Failure the Licensee shall replace the failed Generator on an urgent basis, with the approval of the Minister and the Commission.

E. Generation Operating Standards and Performance Targets

1. Establishment of Generation Operating Standards and Performance Target.

The Licensee shall operate the Authorised Generation Electrical System and deliver electricity to the Authorised Network Electrical System in accordance with the Generation Operating Standards and Performance Targets set forth on Schedule B, as may be revised from time to time by the Minister in accordance with this Part II(E) and section 21 of the Act.

2. Review and Amendment of the Generation Operating Standards and Performance Targets.

In addition to the studies and recommendations by the Commission to the Minister provided for in Schedule B, the Commission shall require the Licensee to review the Generation Operating Standards and Performance Targets, and the Licensee may of its own volition conduct such reviews, periodically, but in any event not less than once in every two-year period after the Effective Date. Based on such reviews and discussions between the Commission and the Licensee and after any public consultations that the Commission may deem desirable, either the Commission or the Licensee may propose to the Minister (and in the case of proposals made by the Commission, also to the Licensee) any amendments to the Generation Operating Standards and Performance Targets that may be necessary or desirable to improve the operational performance of the Authorised Generation Electrical System, including ensuring high levels of fuel efficiency, taking into account any Renewable and Efficient Energy Portfolio Mandate that may be in effect from time to time. For the avoidance of doubt, the provisions of this Part II(E)(2) are without prejudice to the Minister's power to propose modifications to Schedule B (or any other provision of this Licence) under section 21 of the Act.

3. **Reports on Compliance with the Generation Operating Standards and Performance Targets.**

Except as may be provided otherwise in the regulations, by January 15 of each year of the Term, the Licensee shall file a report with the Commission, and shall provide a copy thereof to the Minister, providing such information as the Commission may require on the Licensee's compliance and/or non-compliance with the Generation Operating Standards and Performance Targets during the previous year. The Licensee shall also provide the Commission with reports and other information in such other instances as the Commission may require with regard to the Licensee's compliance and/or non-compliance with the Generation Operating Standards and Performance Targets.

4. **Monitoring and Enforcement of the Generation Operating Standards and Performance Targets.**

Without prejudice to the Minister's powers under sections 23 and 24 of the Act, the Commission shall be responsible for monitoring and enforcing the Licensee's compliance with the Generation Operating Standards and Performance Targets, including the imposition of the penalties and allowance of the incentives provided for on Schedule B and/or in the regulations from time to time.

F. Reporting Requirements; Books, Accounts and Other Records

1. **Required Reports and Other Information.**

Without prejudice to the Licensee's reporting requirements under the Act, the regulations, the PURCA, and as otherwise provided in this Licence, the Licensee shall submit to the Commission, with a copy to the Minister, or to the Minister, with a copy to the Commission, any reports or other information reasonably requested by the Commission or the Minister in writing, within the time periods specified by the Commission or the Minister. Except as otherwise permitted by the Act, the PURCA, or the regulations, or expressly by the Commission or the Minister, the Licensee shall provide annual and quarterly reports and other information under this Licence separately from reports and other information submitted under the GRENLEC Network Licence, in a manner that allows the Commission and the Minister to determine the Licensee's adherence to the terms and conditions of, respectively, this Licence and the GRENLEC Network Licence and to obtain information relevant to their respective powers, functions and duties under the Act, the regulations, the PURCA, this Licence and the GRENLEC Network Licence.

2. **Inspections.**

The Licensee shall permit such inspections of the Authorised Generation Electrical System, as the Minister, the Commission and/or the Government Electricity Inspector may require from time to time in the exercise of their respective powers under the Act, the regulations, the PURCA and this Licence.

3. **Books, Accounts and Other Records.**

The Licensee shall comply with the requirements of the Act, the regulations and the PURCA with regard to the establishment and maintenance of its books, accounts and

other records. The Licensee shall maintain entries in its books, accounts and records for the Authorised Generation Electrical System that are separate from the entries for the Authorised Network Electrical System, in a manner and detail to allow the Commission and/or the Minister to determine the Licensee's adherence to the terms and conditions of this Licence and the GRENLEC Network Licence, and to obtain information from the Licensee relevant to the Commission's and the Minister's exercise of their respective powers, functions and duties under the Act, the regulations, the PURCA, and this Licence.

G. Sustainability Programmes

1. Initial Sustainability Programmes.

In accordance with section 37(3)(a) of the Act, the initial [**five-year**] sustainability programmes of the Licensee for its activities under this Licence shall be as set forth on Schedule C, and shall remain in effect until subsequent sustainability programmes have been submitted by the Licensee to the Minister and approved by him or her as provided in Part II(G)(2) and section 37 of the Act.

2. Subsequent Sustainability Programmes.

No later than sixty days prior to the end of the first full financial year of the Licensee subsequent to the Effective Date. The Licensee shall prepare and submit to the Minister for approval the sustainability programmes for the Authorised Generation Electrical System required under section 37 of the Act, in the manner and containing the content required by such section. In addition, the Licensee shall include in its five-year sustainability programmes –

- a) capital investment plans;
- b) projections on the retirement of assets and their replacements;
- c) projections of its plans for compliance with the Generation Operating Standards and Performance Targets and the regulations (or other standards in effect pending issuance of the regulations) governing technical and performance matters;
- d) projections for cooperation with the Commission regarding, and compliance with, Renewable and Efficient Energy Portfolio Mandates; and
- e) any other information regarding the sustainability of the Authorised Generation Electrical System and the supply of electricity to the Authorised Network Electrical System that the Minister may reasonably request or the regulations may require.

Except as otherwise permitted by the Act, the PURCA, or the regulations, or expressly by the Minister, the Licensee shall provide its sustainability programmes under this Licence separately from its sustainability programmes under the GRENLEC Network Licence, in a manner that allows the Minister and the Commission to understand and fully assess the information contained in such sustainability programmes.

3. Amendment of Sustainability Programmes.

During the course of its implementation of its approved sustainability programmes, the Licensee may amend such programmes in accordance with section 37(5) of the Act.

H. Procurement of Goods and Services

1. Competitive Procurement.

The Licensee shall procure goods and services, including fuel, for the development, operation and maintenance of the Authorised Generation Electrical System prudently and on a competitive basis, having regard to the quantity, timing and nature of the goods and services to be procured.

2. Transactions with Affiliates.

An Affiliate of the Licensee, and Affiliates of such Affiliates, shall not be precluded from participating in the competitive procurement for goods and services carried out by the Licensee in accordance with Part II(K)(1), so long as every such Affiliate is treated on the same arm's length basis and on the same terms and conditions that apply to unaffiliated parties participating in the competitive procurement process. As further provided for in Part II(K)(3), the Licensee shall bear the burden to prove that the award to an Affiliate under a competitive procurement process meets such standards.

3. Submissions on Procurement to the Commission.

At the conclusion of each competitive procurement process, the Licensee shall bear the burden to prove, and shall promptly submit to the Commission evidence demonstrating, that its procedures for, conduct of, and award of the procurement was carried out on a fair, transparent and arm's length basis as to prospective participants and all parties that actually participated in the competitive process.

4. Procurement of Generation included in Sustainability Programmes.

In accordance with regulations, the Commission may decide that the authorisation of the construction of new generation capacities proposed by a network licensee in sustainability programmes shall be subject to competitive procurement.

I. Activities Requiring the Prior Consent of the Minister

1. Conditions in Section 20 of the Act.

The Licensee shall not, without the prior written consent of the Minister:

- (a) acquire, by purchase or otherwise, the licence or the business of, or for the purpose of supplying electricity associate itself with, any person supplying or intending to supply, electricity under any other licence;

- (b) assign or encumber this Licence or transfer, or divest itself of, its rights or obligations hereunder, or any part thereof;
- (c) lend funds or give credit to any of its officers or directors, or to any company by –
 - (i) becoming surety, guarantor or endorser upon any obligations, contingent or otherwise, of such officer, director or company;
 - (ii) loaning funds, securities or other like assets to such officer, director or company;
 - (iii) purchasing any obligation upon which the officer, director or company may be liable solely or jointly with others; or
- (d) supply electricity to any network licensee or any other person or to any electrical system other than to the Authorised Network Electrical System.

2. Transfer of Shares in or Assets of the Licensee.

- (a) The Licensee shall promptly notify the Minister in writing of any proposal to transfer:
 - (i) shares or other ownership interests in the Licensee that would have the effect of changing the controlling ownership interest in the Licensee or in any parent company of the Licensee; and
 - (ii) all or any part of the assets (including but not limited to all or any part of the Authorised Generation Electrical System) of the Licensee,and shall provide the Minister with such information as the Minister may require regarding such proposed transfer.
- (b) Where, taking into account the factors provided for in section 63 of the Act, as well as national security and the public interest, the Minister has determined that the person or persons to whom a transfer provided for in Subpart (a) of this Part II(I)(2) would, or is likely to, be contrary to the fulfilment of such factors, or contrary to national security or the public interest, the Minister may:
 - (i) impose conditions on the Licensee with regard to the transfer and/or its authorised activities under this Licence; or
 - (ii) deny consent to the transfer.

3. Void Agreements and Revocation of Licence.

- (a) Any agreement relating to any transaction of the nature described in Part II(I)(1) and (2), unless made with the written consent of the Minister, shall be void.
- (b) The Minister may revoke a licence if the Licensee transfers shares or assets without complying with all the requirements established in Part II(L)(1) and (2).

4. **Applicability.**

This Part II(I) shall extend to the renewal or extension of any agreements provided for in this Part and existing on the Effective Date. In accepting this Licence, the Licensee represents and warrants that it has disclosed any and all such agreements to the Minister prior to the Effective Date, and the Minister has given his consent to each such agreement.

J. Other Obligations of the Licensee; No Waiver

1. **Obligations.**

Throughout the Term, the Licensee shall –

- (a) remain a company incorporated under the Companies Act of Grenada, and shall maintain its headquarters, books, accounts and records in Grenada;
- (b) comply with any directive, order, rule, decision or approval issued, made or granted by the Minister or the Commission;
- (c) not take or omit to take any action or otherwise conduct itself in a manner which is intended to have, or has or is likely to have, the effect of restricting, distorting or preventing competition in the Grenada electricity sector or the development of the provision of electricity from renewable and efficient energy resources.

2. **No Waiver.**

The failure of the Minister or the Commission to insist upon strict performance by the Licensee of any obligation under, or term or condition of, this Licence and/or applicable law shall not be construed as, and shall not constitute, a waiver of the Minister's or the Commission's rights and powers to demand strict compliance therewith, nor shall a waiver of any one event of default be construed as a waiver of any other event of default.

K. Licence Fees and Contributions

1. **Initial Fee.**

Upon issuance of this Licence on the Effective Date, the Licensee shall pay to the Government of Grenada and for deposit into the Consolidated Fund, the initial licensing fee of EC\$50,000.

2. **Annual Fee.**

On each anniversary of the Effective Date during the Term, the Licensee shall pay to the Government of Grenada and for deposit into the Consolidated Fund, an annual licensing fee which shall be determined in accordance with Regulations of the Minister.

3. **Fees upon Extension of the Term.**

Upon any extension of the Term, the Licensee shall pay (to the Government of Grenada) the fee for the extension and the annual fees provided for in the regulations in effect on the effective date of the extension.

4. Universal Service Fund.

The Licensee shall contribute with the Universal Service Fund. The Licensee shall comply with the obligations established in section 69 of the Act, in Regulations and Orders of the Minister, and shall submit all the information, documents and reports that the Commission may require in order to monitor compliance of the obligations established in section 69 of the Act.

L. Suspension and Revocation of Licence

1. Grounds for Suspension or Revocation.

The Minister may, by notice in writing served on the Licensee, suspend or revoke this Licence on any of the following grounds:

- (a) any of the grounds set forth in sections 23(1)(b) – (g) of the Act;
- (b) a material violation of a law of Grenada applicable to the Licensee that the Licensee has failed to cure within a reasonable period of time;
- (c) the ground set forth in Part II(I)(2)(b)(ii);
- (d) the ground set forth in Part II(M)(4);
- (e) if the GRENLEC Network Licence is suspended or revoked or otherwise terminates;
- (f) if the Licensee is struck off the Register of Companies and fails to be reinstated in good standing within ninety (90) days thereof; or
- (g) for reasons of national security or in the public interest.

2. Procedures.

The procedures provided for in section 23 of the Act and any relevant provisions of the regulations shall apply to any proceeding for the suspension or revocation of this Licence.

3. Disposition of the Licensee upon Revocation of the Licence.

Upon revocation of this Licence, the Minister may give the Licensee written notice requiring the Licensee to compulsorily divest the Authorised Generation Electrical System to a third party selected in accordance with the regulations. In such case, the Licensee shall take such reasonable steps, and shall cooperate with efforts by the Minister, to identify a third party purchaser for acquisition of the Authorised Generation Electrical System. If no such acquisition is concluded within the twenty-four (24) months following the revocation of this Licence, the Government may acquire the Authorised Generation Electrical System.

4. Valuation of the Authorised Generation Electrical System.

Any acquisition of the Authorised Generation Electrical System by a third party or by the Government under this Part II(L) shall be concluded at Fair Market Value, determined in accordance with the following procedures:

- i within ten days of the Government's service of a written notice upon the Licensee under Part II(L)(3), the Minister, or the third party purchaser, as the case may be, and the Licensee shall agree upon an independent and qualified valuator to determine the Fair Market Value of the Authorised Generation Electrical System;
- ii failing agreement between the Minister, or the third party purchaser, as the case may be, and the Licensee within forty days of the Government's service of the written notice under Part II(L)(3), the valuator shall be appointed by the President of the Institute of Chartered Accountant of the Eastern Caribbean, at the written request of the Licensee, the Government, or if a third party purchaser has been selected, such purchaser;
- iii the valuator appointed under Subpart (i) or (ii) shall prepare and submit a report on the Fair Market Value of the Authorised Generation Electrical System and submit copies of the same to the Government, any selected third party purchaser, and the Licensee;
- iv the expenses incurred in determining the Fair Market Value of the Authorised Generation Electrical System shall be borne equally by the Licensee and the selected third party purchaser or (if none has been selected at the time of the valuation) the Government;
- v the Fair Market Value purchase price for the acquisition of the Authorised Generation Electrical System shall be paid in full to the Licensee within such time and in such manner as may be agreed upon between the Licensee and the selected third party purchase or, if the Government elects to acquire the Authorised Generation Electrical System in accordance with Part II(L)(3), the Government, and where there is no such agreement, no later than twenty-four months after the Minister's service of the written notice provided for in Part II(L)(3).

5. Continued Operation during Acquisition Proceedings.

Notwithstanding the revocation of this Licence. the Minister's issuance of a divestiture notice under Part II(L)(3) and/or an ongoing valuation procedure under Part II(L)(4), the Licensee shall, unless instructed otherwise by the Minister in writing, continue to operate the Authorised Generation Electrical System and otherwise conduct its activities in accordance with the Act, the regulations, the PURCA, this Licence and all other applicable law, as if this Licence remained in force and effect, until such time as divestiture to a third party or to the Government has occurred pursuant to this Part.

M. Force Majeure

1. Prevention of Performance Due to Force Majeure.

To the extent that the Licensee is prevented by an event of force majeure from carrying out, in whole or in part, its obligations under this Licence, the Act, the regulations or the PURCA and it has given the notice required under Part II(M)(2) to the Minister and the Commission, the Licensee shall be excused from the performance of such obligations, subject to the other provisions of this Part II(M).

2. Notification of an Event of Force Majeure.

Upon the occurrence of an event of force majeure, the Licensee shall:

- (h) promptly notify the Minister and the Commission in writing, furnishing all material information relevant to the event of force majeure, including the nature of the event, the event's impact upon the Licensee, and an estimate of how long the Licensee expects that the event of force majeure is likely to delay or prevent the performance of its obligations under this Licence, the Act, the regulations and/or the PURCA;
- (i) provide all the documents and material proofs necessary to prove that the event of force majeure actually happened and that it was beyond the control of the licensee; and
- (j) require the approval of the Commission in accordance with paragraph 3.

3. Approval of the Commission.

An event shall not be considered as force majeure and shall not excuse the Licensee from carrying out its licence and legal obligations unless:

- (a) the Licensee complied with the requirements of paragraph 2 of Part II (P); and
- (b) the Commission expressly approves and declares the event as force majeure.

4. Extension of Time for Performance.

- (a) If the Licensee is delayed in performing any of its obligations under this Licence, the Act, the regulations or the PURCA by an event of force majeure of which notice has been duly given under Part II(M)(2), the Licensee shall be entitled to the extension of time provided for in Part II(M)(4) to resume its performance of such obligations.

5. Termination for Force Majeure.

If the event of force majeure subsists for more than thirty (30) days from the date of occurrence of such event, the Licensee shall discuss with the Minister and the Commission in good faith alternatives to the obligations that the Licensee has been delayed or prevented from performing, any reciprocal or related obligations hereunder, and any extension of time for the Licensee to perform such obligations. Except as may be agreed between the Licensee and the Minister, the Minister may terminate this Licence if the Licensee has not resumed its performance of the obligations it has been delayed in performing within sixty (60) days of the date of occurrence of the event of force majeure.

6. Definition of “force majeure”.

“Force majeure” means any of the following circumstances, to the extent that such circumstance is beyond the reasonable control of the Licensee: earthquake, hurricane, flood, and other Acts of God; riot or civil commotion; strikes, lock-outs and other industrial disturbances; wars, blockades, invasions, terrorist actions, civil unrest, and insurrection; fire and explosions; outbreak of pestilence or epidemic; government rationing of electricity or other wartime or emergency controls imposed by government or other shortage of adequate power or transportation; and embargoes, and trade restrictions.

N. Termination of Licence for Expiration of its Term

1. Transfer of shares of GRENLEC to the Government.

When the Term of this Licence expires in accordance with Part II.C.2, the property of all shares of GRENLEC held by private persons shall be irrevocably transferred to the Government of GRENADA free of charge and without payment for such transfer.

2. Subsequent actions after transfer of shares of GRENLEC to the Government.

Once all the shares of GRENLEC by private persons were transferred to the Government of Grenada, the Government may decide:

- (a) Grant new licences to GRENLEC pursuant to section 14 of the Act.
- (b) The dissolution of GRENLEC and transfer to the Government of Grenada (or to the State of Grenada) all the assets, personnel, contracts, all kind of rights, obligations and property of GRENLEC,
- (c) The dissolution of GRENLEC and creation of one or more new companies to which all the assets, personnel, contracts, all kind of rights, obligations and property of GRENLEC will be transferred. The Government will be allowed to sell all or part of the shares of these new companies.

O. Notices and Other Communications

1. Contacts and Addresses for Written Notices and Other Communications.

All notices and other documents required or permitted to be given under this Licence, the Act, the regulations, and the PURCA shall be in writing and shall be mailed by pre-paid registered mail or delivered personally by hand against receipt, addressed as follows:

- (a) To the Minister responsible for the electricity sector, at the address of the Ministry of which he or she is the head;

- (b) To the Commission, addressed to the Chairperson at the address of the Commission; and
- (c) To the Licensee, in care of the General Manager, at the following address:

Grand Anse
St. George, Grenada

2. Deemed Receipt of Notices.

All notices and other documents shall:

- (a) if delivered personally by hand, be deemed to have been given and received at the place of receipt on the date of delivery, provided that if such date is a day other than a Business Day, such notice or document shall be deemed to have been given and received at the place of receipt on the first following day that is a Business Day; and
- (b) if mailed, be deemed to have been given and received at the place of receipt on the date of actual receipt, provided that, in the event of postal disruption, such notices and/or other documents must be delivered personally by hand.

3. Primary Contact for the Licensee and the Government.

The General Manager of the Licensee shall serve as the primary contact with the Chairperson and all other public officers and public bodies, and the Chairperson shall serve as the primary contact with the Licensee, for purposes of this Licence, the Act, the regulations and the PURCA.

SCHEDULE A : Authorised Generation Electrical System: Specifications of the Generation Electric Plants and related Electric Lines and other Apparatus between the Generation Electric Plants and the Network Electrical System

[To be provided by GRENLEC in-depth for the Government's review and, after any required revisions/additions, approval: Detailed description of the technical parameters of the GRENLEC existing electric plants (including fuel facilities) and related electric lines and other apparatus up to the interconnections with the Authorised Network Electrical System, including but not limited to:

- **Locations of the plants including renewable generation;**
- **All Generators, in each plant; details of their nameplates and operating parameters; and their predicted operating lives;**
- **Generator availability (including during scheduled and forced outages);**
- **Generator capacity factor, in accordance with the terminology of the International Institute of Electrical and Electronic Engineers (IEEE)**
- **Fuel efficiency of the Generators;**
- **Reliability parameters;**
- **Quality of power;**
- **Fuel facilities and lines to generation facilities;**
- **All other equipment and instrumentation;**
- **The electric lines and other apparatus between the electric plants and the Authorised Network Electrical System]**

SCHEDULE B: GENERATION OPERATING STANDARDS AND PERFORMANCE TARGETS

The Generation Operating Standards and Performance Target applicable to the Licensee shall be as provided in this Schedule, to be reviewed, revised, monitored and enforced as provided for in Part II(E) and this Schedule.

1. Fuel Efficiency Standards and Targets – Generation from Diesel Fuel

The Licensee shall achieve and maintain the following fuel efficiency standards and targets from the Generators utilising diesel fuel and forming part of the Authorised Generation Electrical System:

Standard	Unit	Minimum/ Maximum	(2018) Baseline	(2021) Target
Fuel efficiency for diesel generation units	Imperial Gallons (IG)/kWh	Minimum	To be determined and added to this Licence	To be determined and added to this Licence

2. Fuel Efficiency Standards and Targets – Generation from Other Fossil Fuels

In the event that the Licensee, with the approval of the Commission and of the Minister through an amendment to this Licence, were to utilise other fossil fuels, including but not limited to heavy fuel oil or natural gas, for the generation of electricity, the fuel efficiency standards and targets for Generators utilising such fuels (“generation heat rate for other feasible fossil fuels”) that the Licensee shall achieve and maintain shall be established in kJ (kilojoule) per kWh (kilowatt hour) by agreement between the Minister, upon the recommendation of the Commission, and the Licensee under the procedure set forth in Part II(E) for each such other fossil fuel utilised. If and when determined such generation heat rate for other feasible fossil fuels shall be reflected by the completion of the following table, and this Schedule shall be amended accordingly:

Standard	Unit	Minimum/ Maximum	2018 Baseline	2021 Target
Generation heat rate for other fossil fuels (per fossil fuel)	kJ/kWh	Minimum	To be determined and added to this Licence	To be determined and added to this Licence

3. Technical Losses Standards and Targets

The Licensee shall achieve and maintain the following standards and targets with regard to technical losses from the Authorised Generation Electrical System:

Standard	Unit	Minimum/ Maximum	2018 Baseline	2021 Target
System technical losses ¹	%	Maximum	7.3%	6.9%

4. Penalties for Non-Compliance, and Incentives for Compliance, with the Fuel Efficiency and Technical Losses Standards and Targets

The penalties for non-compliance and the incentives for compliance with the fuel efficiency and technical losses standards and targets set forth above shall be as provided for in the rates that the Licensee may charge to consumers for its supply of electricity to them under the GRENLEC Network Licence, as set by the Commission from time to time in accordance with the Act, the regulations governing the setting of such rates, and the PURCA.

If, at any time, the GRENLEC Network Licence shall no longer be in effect but this Licence remains in effect, and the Licensee supplies electricity to another network licensee(s) for distribution to consumers, the penalties for non-compliance and incentives for compliance with the fuel efficiency standards and targets shall be as provided for in the power purchase agreement(s), approved by the Commission, between the Licensee and such other network licensee(s).

¹ “System technical losses” means the maximum allowable percentage of electricity generated that is lost before reaching the Authorised Network Electrical System.

SCHEDULE C: INITIAL FIVE-YEAR SUSTAINABILITY PROGRAMMES

[GRENLEC to submit for the Government's review and, after any required revisions/additions, approval, after which per section 37(3)(a) of the Act the GRENLEC Board of Director must approve the initial plan. Initial five-year sustainability programmes must address the content required under section 37(2) of the Act and Part II(G)(2) of this Licence.]

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