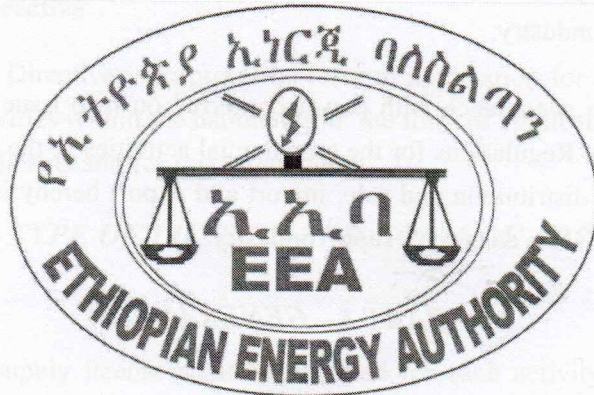


Ethiopian Energy Authority



Directive for the Issuance of Licenses for Electricity Supply in the National Grid

Directive No. 007/2012

Ethiopian Energy Authority

May 27, 2020

[Signature]
F

[Signature]

[Signature]

[Signature]

[Signature]

Preamble

Whereas it is essential to enhance the licensing framework by elaborating a harmonized format for filing applications for a license, increasing certainty and transparency in the information and data requirement and the qualification of an applicant to hold a license regarding both existing utilities and new entities within the electricity supply industry;

Now, therefore, the EEA, in accordance with power conferred on it to issue licenses under the Energy Proclamation and the Energy Regulations for the commercial activities in the electricity industry relating to generation, transmission, distribution and sale, import and export hereby issues this Directive for the grant of license to operators in the electricity supply industry.

PART 1 – GENERAL

1. Issuing Authority

This Directive is issued by the Ethiopian Energy Authority pursuant to the authority vested in it by Article 40(2) of the Energy proclamation No.810/2013 and Article 82 of Council of Ministers Energy Regulation No. 447 /2019.

2. Short Title

This Directive may be cited as the “Directive for the Issuance of Licenses for Electricity Supply in the National Grid” Directive No ----- /2020.

3. Definitions

In this Directive, unless the context requires otherwise:

1. “bulk customer” means a customer that purchases or receives electrical power at high Voltage supply network.
2. “embedded generation” means production of electricity utilizing a generation facility that is connected directly to a supply system and for which the total output is distributed and utilized locally..
3. “EEFCC” means the Ethiopian Environment Forest and Climate Change Commission.
4. “wheeling” means the use of one transmission or distribution system to transport power and energy from one power system to another.
5. “whole sale supplier” means one to be licensed to install and operate facilities to procure or produce electricity for sale to bulk customers or a distribution companies.
6. “EIC” means the Ethiopian Investment Commission



7. All definitions used in the energy proclamation and energy regulation are applied in this directive.

4. Scope of the Directive

This directive is applicable for the issuance of licenses for electricity supply operating within the national grid.

5. Objectives of the Directive

The objective of the Directive is to prescribe form of application for applicants that wish to enter into commercial activities within the national grid: the form of application, the data and information requirements for applicants and for related matters.

PART 2 – TYPE OF LICENSE AND FORM OF APPLICATION

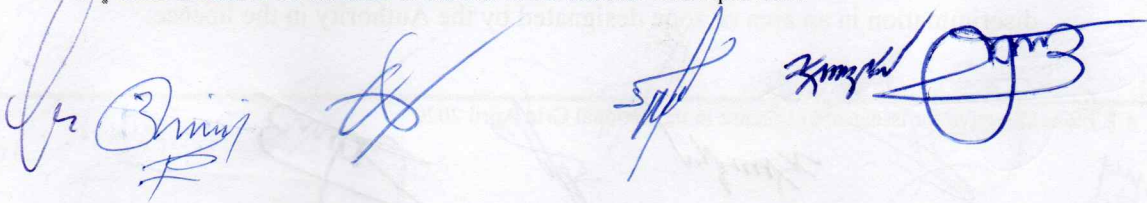
6. License Types

A separate electric supply license shall be obtained for each activity. The wholesale generation supply, transmission, distribution and sale as well as embedded generation licenses are site specific licenses, import and export licenses that may not require ownership or operation of physical infrastructure or assets could be non site specific. The type of electric supply licenses and activities covered are listed below:-

1. Electricity (Embedded) Generation Supply License;
2. Electricity Wholesale Generation Supply License covers
 - a) bulk generation supply license
 - b) electricity import license; and
 - c) electricity export license.
3. Electricity Transmission License;
4. Electricity Distribution and Sale License:

7. Wholesale Electricity Supply License

1. A wholesale electricity generation supply license shall be further classified by generation technology where the applicant is licensed to install and operate facilities.
2. The license will authorize the licensee to install and operate new generation facilities or operate existing generation facilities to produce electricity for sale to the designated single buyer.
3. Where the applicant has more than one generation facility or utilizes different technologies or intends to generate electricity from various generation facilities located at different sites, a separate license shall be required for each distinct generation facility and for each site.
4. The filing instructions and list of exhibits to the electricity generation license are provided in Appendix 3.



8. Electricity Embedded /Generation Supply License

1. An embedded generation license shall authorize the licensee to generate electricity at agreed points of injection in a distribution network from a specified embedded generation facility within specified technical details provided by the distribution network operator.
2. The electricity generated shall be sold to the single buyer.
3. The filing instructions and list of exhibits to the electricity embedded generation license are provided in Appendix 3.

9. Electricity Import and Export License

1. An electricity import license shall authorize to procure electricity from outside Ethiopia for sale to distribution companies or bulk customers.
2. An electricity export license shall authorize the licensee to produce or procure electricity for sale outside Ethiopia.
3. The filing instructions and list of exhibits to the electricity Whole sale trade license are provided in Appendix 6.

10. Electricity Transmission License

1. The Authority shall delineate a transmission area and grant a transmission license to one operator in each transmission area as determined by the Authority.
2. The electricity transmission license shall authorize the licensee to –
 - a) monitor and control the operation of the national transmission network for the transmission of electricity within Ethiopia and to ensure the safe, reliable and economic dispatch of all electricity generation facilities connected to the national interconnected transmission system;
 - d) As per the energy law Article 37 and Energy Regulation Article 33 provide open access transmission and interconnection services to operators of other electricity networks or the East African Power Pool, as per the national Grid Codes.
3. The filing instructions and list of exhibits to the electricity Transmission license are provided in Appendix 4.

11. Electricity Distribution and Sale License

1. An electricity distribution and sale license shall authorize the licensee to –
 - a) operate a distribution network within an area designated by the Authority and shall distribute electricity without discrimination to consumers within such zone stated in the license.
 - b) provide wheeling services to embedded generators when required.
 - c) procure electricity from a wholesale supplier in bulk and sell to customers without discrimination in an area or zone designated by the Authority in the license.

2. The filing instructions and list of exhibits to the electricity Distribution and sale license are provided in Appendix 7.

12. Form of Application

1. The form of application for a license relating to owners or operators of facilities including generation, transmission, distribution and embedded generation license shall be as provided in Form 1A in Appendix 1.
2. The form of application for, import and export license shall be as provided in Form 1B in Appendix 2.
3. An applicant shall comply with the filing instruction and attach the required exhibits specified in the relevant appendices to the application.

PART 3 – DUTY TO PROVIDE ADDITIONAL INFORMATION

13. Request for Additional Information

1. The Authority may in writing require an applicant to furnish such additional information as may be specified by the Authority as necessary for processing the application and the applicant shall comply with the request within 10 working days.
2. The information shall be in the form prescribed by the Authority.
3. The time specified for grant of license shall be automatically extended by the time taken for the submission of the additional information requested by the Authority.

14. Failure to Provide Additional Information

The failure of an applicant to submit the additional information within the time and in the form prescribed by the Authority will render the application incomplete and may be rejected by the Authority.

PART 4 – ADDITIONAL REQUIREMENTS RELATING TO LICENSES

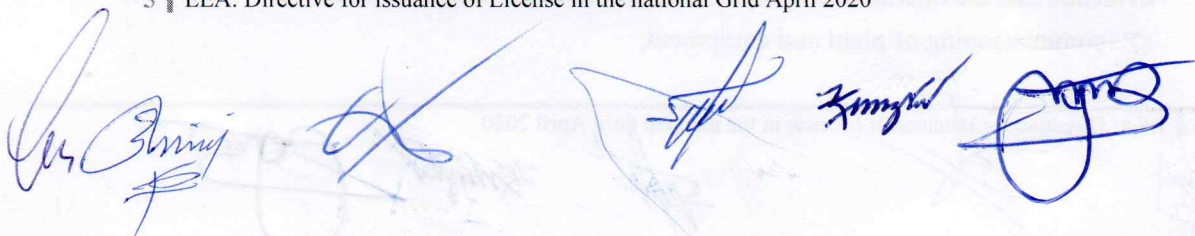
15. Requirement for a Hydro Dam License

An application for a hydroelectric dam project shall be supported by a development license granted by the Ministry of Water Irrigation and Energy.

16. Requirement for Application for License by Facility Owner or Operator

An application for a generation, embedded generation, transmission or distribution license shall comply with the minimum requirements as stipulated by the Ethiopian Environment Forest & Climate Change Commission (EEFCC) which among others include the following:

1. Environmental Impact Assessment Report which shall address at a minimum the impacts and management of following;



- a) biological resources;
 - b) paleontological resources;
 - c) ground disturbance and ground water quality degradation; and
 - d) cultural resources.
2. An authorization or clearance by a body delegated by the EFCC to carry out the project;
 3. Geotechnical Study Report as maybe applicable
 4. land lease;
 5. Land use and land planning permit from relevant Regional or Local Administration;
 6. feasibility study;
 7. technical specification of the facility;
 8. operation and maintenance plan.

17. Requirement for a Geothermal based power generation License

- 1/ A Geothermal Well-field Development and Use License
- 2/ Approved PPA and IA document

18. Requirement for Transmission or Distribution License

An application for a transmission or distribution license shall be supported by the following:-

1. agreements and/or permits granting rights of way with or from the relevant Authority competent bodies;
2. the applicable permits relating to railroads and highways; and
3. agreement with relevant competent bodies for the common use of facilities where necessary;
4. model transmission service agreement including terms for wheeling electrical power.

PART 5 – COMPETENCY OF APPLICANT TO HOLD LICENSE

19. Determination of Capability of Applicant to be an Operator

1. An applicant shall indicate in its Operations and Management Plan whether the applicant intends operating the plant itself or engaging the services of an operation and maintenance contractor.
2. An applicant shall at the request of the Authority provide evidence of its capability in operating the facility in relation of which a license is sought.

20. Consideration of Competency of an Operation and Management Contractor

Where the applicant will employ the services of an operation and management contractor to manage the facility, the applicant shall upon written request furnish the Authority with the following:-

1. evidence that the operation and maintenance contractor has undertaken –
 - a) commissioning of plant and equipment;

- b) plant maintenance;
 - c) shut down support services; and
 - d) plant and equipment overhaul or retrofitting; and
2. the written testimony of at least 2 clients attesting to the fact that the proposed operations and management contractor has provided such services.

PART 6 – MISCELLANEOUS PROVISIONS

21. Other Requirements

1. The Authority may where it deems it necessary, because of the likely impacts of the activities for which an application for a license has been made in relation to local communities demand an applicant to provide a Corporate Social Responsibility Plan.
2. Where the Authority deems it necessary for the performance of the obligations under the license or upon the advice a relevant Government Agency may demand the following from an applicant for a license:
 - a) Performance Guarantee;
 - b) an Environmental Bond.
3. The Authority shall issue guidelines on the need and form the performance guarantee.
4. Upon requirement fulfillment License can only be is issued subject to tariff proposal submission and approval thereof, as may be necessary.

22. Transitional Provisions

Any person who before the coming into force of this Directive holds a valid license for the supply of electricity or by law operates any service for the provision of electricity shall apply within nine months of the coming into force of the Directive for the applicable license, and shall unless authorized under this Directive cease the operations after the expiry of the one year period.

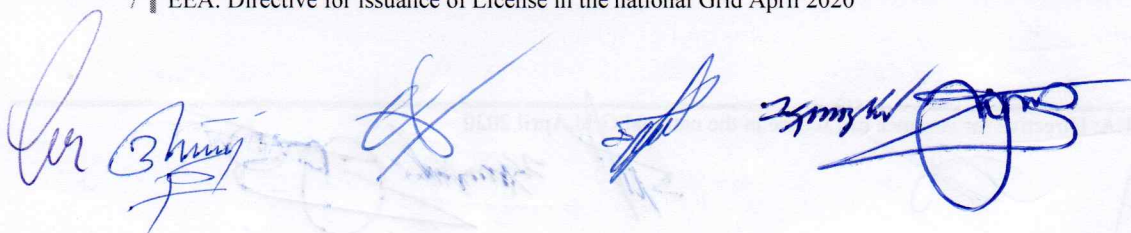
23. Effective Date;

This Directive shall come into force as of ----- 2020

Dr. Frehiwot Wolde Hana

State Minister of Ministry of Water Irrigation and Energy

Energy Board Chair Person



APPENDIX – 1

APPLICATION FORM 1A

A-1 Applicant/Company intends to be licensed for the service of: (check as applicable)

- ☐ Electricity (Embedded) Generation Supply License;
- ☐ Electricity Transmission License;
- ☐ Electricity Distribution and Sale License

A-2 Applicant/Company's legal name, postal address, telephone number and web site address

Legal Name _____

Postal Address _____

Telephone # _____ Fax # _____

Website address (if any) _____

A-3 Office location address

House/Plot Number _____

Subcity _____

Wareda _____ Region State _____

A-4 Contact person for regulatory matters

Name _____

Title _____

Business address _____

Telephone # _____ Fax # _____

E-mail address _____

Please fill - A-5 of form 1A as applicable

A-5 (1) Location generation facility for Generation or Embedded Supply License

City_____

Wareda_____

Kabele_____

Region-State_____

A- 5(2) Provide Description of Transmission Network in the case of Transmission Licensee

A-5(3) Provide Description of Distribution Area and Network for Distribution and Sale License

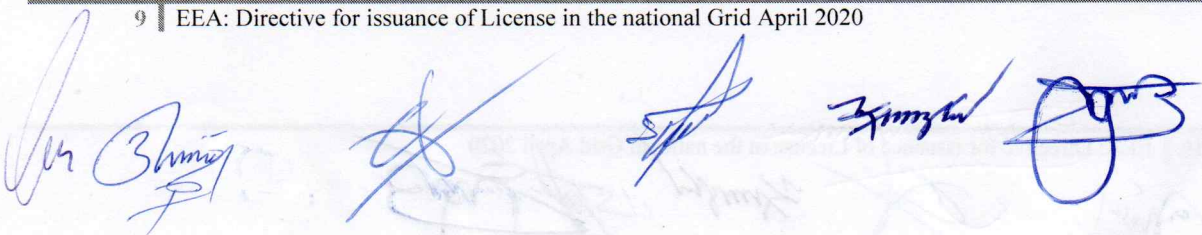
A-5(4) Provide the approximate start date that the applicant proposes to begin delivering services

A-6 Other license currently held _____

A-7 Duration in years of license _____

Signature of Applicant and Title

Date



APPENDIX – 2

APPLICATION FORM 1B

B-1 Applicant/Company intends to be licensed for the service of: (check as applicable)

Electricity Wholesale Electricity Supply:

☐ Electricity Wholesale Generation Supply License covers

- a) bulk generation supply license
- b) electricity import license; and
- c) electricity export license.

B-2 Applicant/Company's legal name, postal address, telephone number and web site address

Legal Name _____

Postal Address _____

Telephone # _____ Fax # _____

Website address (if any) _____

B-3 Office location address

Sub-city _____

Wareda _____

Kebele _____ Region State _____

B-4 Contact person for regulatory matters

Name _____

Title _____

Business address _____

Telephone # _____ Fax # _____

E-mail address _____

B-5 (1) Description of Source of Supply in case of Wholesale Supply/Import or Export License

A-5(2) Provide Description of Area or Zone in the case of the License

A-6 Provide the approximate start date that the applicant proposes to begin delivering services

B-7 Other licenses currently held by applicant

B-8 Duration in years of license

Signature of Applicant and Title

Date



APPENDIX – 3

PROCEDURE AND REQUIREMENT FOR OBTAINING AN ELECTRICITY GENERATION OR EMBEDDED GENERATION LICENSE

PART – 1 Filing Instructions

1. Application initiated by letter in writing as cover to the License Form to the - Authority.
2. Applicant shall fill and submit application form signed by a Principal Officer of the applicant entity (See Application Form 1-A provided in Appendix 1)
3. Applicant shall attach receipt confirming payment of the prescribed application fee.
4. Applicant shall attach 3 copies of the following exhibits as separate attachments, clearly labeled with the pages sequentially numbered.

PART – 2 List of Exhibits in Support of Application

1. Exhibit A1 – Scope of Operation

Provide a written description of the nature and extent of operation of the applicant's business, including the source of electricity and total installed capacity of the facility.

2. Exhibit A2 – Business Organization Registration

Provide evidence that the applicant has done the following and provide copies of the relevant documents:

- (a) Registration under Proclamation 980/2016 and regulation no.392/2016
Exhibit required includes – Commercial Registration Certificate;
- (b) obtained the Investment Permit from the EIC;
- (c) Power of Attorney if required.

3. Exhibit A3 – Particulars of Principal Officers, Directors and Partners or Shareholders

Provide the names, nationality, address and telephone and emails of the principal officers, directors, partners, shareholders and other such officials.

4. Exhibit A4 – Ownership and Corporate Structure

Provide a description of the applicant's corporate and ownership structures, including graphical description of each structure and list of all affiliates and subsidiary business organizations.

5. Exhibit A5 – Cross-ownership and Ring-fencing

State the following:

- (a) The basis on which the services and resources will be allocated and the nature of transactions between relevant operating areas of the applicant or between the applicant and other related entities.

- (b) In the case of applicants that are wholly owned subsidiaries, information on proposed audit arrangements should be provided and also state whether separate reports for the licensee and its parent organization, where, applicable are to be prepared and made public
- (c) Other guidelines, standards or measures relating to financial separation, ring fencing and separate audit arrangements which the applicant intends to adopt.

6. Exhibit A6 – Disclosure of Liabilities and Investigations

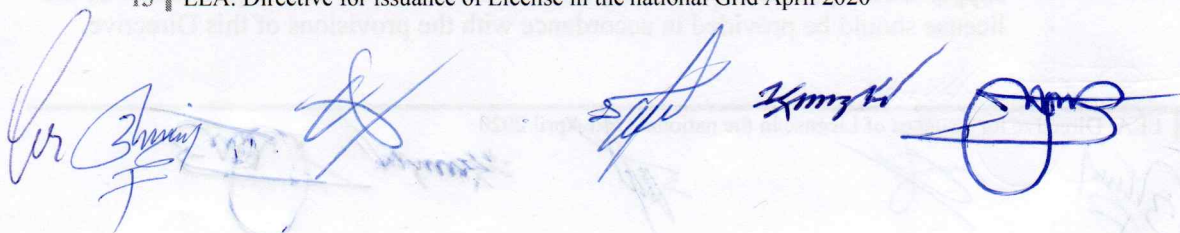
- 6.1 Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be licensed to provide.
- 6.2 Include a statement on whether the applicant or any of the applicant's associates, promoters, partners or directors has ever been refused a license or had a license cancelled, if so state the particulars of such occurrence, the relevant dates of making the application and the date of the order refusing, or cancelling the license and the reasons for the decision.
- 6.3 Provide details of Criminal History if Any.

7. Exhibit A7 – Financial Capability, Proposed Financial Plan and Financial Model

- 7.1 Provide the two most recent Annual Reports to Shareholders and copies of the applicant's three most recent years of audited financial statements including balance sheet, income statement, and cash flow statement and –
 - (a) where audited financial statements are not available, provide officer certified financial statements; or
 - (b) the applicant has not been in business long enough to satisfy this requirement, the applicant shall file audited or officer certified financial statements covering the life of the business.
- 7.2 Provide copies of the applicant's financial arrangements to conduct the electricity business as a business activity such as guarantees, bank commitments, contractual arrangements, credit agreements.
- 7.3 Provide two years of forecasted financial statements including balance sheet, income statement, and cash flow statement for the applicant's operation, along with a list of assumptions.
- 7.4 Provide proposed financial arrangements including source of funds and the proposed debt to equity ratio.
- 7.5 Provide pro-forma financial model.

8. Exhibit A8 – Statement of Description Assets and Technology

Provide a list and description of the technical specification of major plant and equipment and type of engineering design.



9. A9 – Feasibility Report

- 9.1 Provide a Feasibility Study Report on the new facility or installations to be used by the applicant.
- 9.2 The report should include, among other things, drawings of generator's and substations installations and equipment specifications together with proposed interconnections to the relevant distribution or transmission network.

10. Exhibit A10 – Business Plan

Provide a description of the applicant's business model for the implementing the project or undertaking the business establishing the viability of the project.

11. Exhibit A11 – Organization's History & Existing Activities

- 11.1 Provide a concise description of the applicant's organizational history and principal business interests.
- 11.2 This should include all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application with respect to licensing or otherwise authorization to provide retail or wholesale electric services.

12. Exhibit A12 – Industry Participation and Other Activities

- 12.1 Provide general information about applicant's existing activities, both within and outside the electricity supply industry.
- 12.2 The applicant must summarize the reasons for intending to participate in the Ethiopian electricity industry, and the broad nature of that participation.
- 12.3 In providing the above explanation, the applicant should address the applicant's plans for meeting the objectives of the Authority as stated in the Proclamation, the Ethiopia Energy Authority Regulations, the EOR and this Directive and indicate how the granting of a license would be consistent with those requirements.

13. Exhibit A13 – Operational Experience & Expertise

- 13.1 Provide names, titles, e-mail addresses, telephone numbers, and the background of key personnel who will be involved in the operational aspects of the applicant's business.
- 13.2 Also, provide the following information:
 - (a) details of the experience and knowledge of the key personnel of the electricity supply industry;
 - (b) a summary of the skills and experience of the directors and senior managers, and their relevance to meeting the requirements of the license;
 - (c) evidence that the applicant has the capacity to comply with the license conditions, codes and guidelines relevant to its application; and
 - (d) if the applicant will rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal **Operation and Maintenance Agreement** to provide services, and a summary of the other entity's experience in and knowledge of the electricity supply industry, and technical capacity to meet the relevant requirements of the license should be provided in accordance with the provisions of this Directive.

14. Exhibit A14 – Generation Plant Technology

Provide details of Generating Plant Technology and Description.

15. Exhibit A15 – Confidential Information

- 15.1 Notice should be taken that the Authority is mandated to publish the application under the EOR and to maintain a Register of Applications which is open for public inspection.
- 15.2 The applicant should indicate which information constituting the application is confidential or commercially sensitive and state the reasons for the seeking protection to enable the Authority decide on the confidentiality request.

16. Exhibit A16 – Site Analysis and Geological Survey

- 16.1 Provide details of analysis showing the suitability of the siting of the generation facility.
- 16.2 Provide a Geological Report indicating the absence of or acceptable levels of seismic or volcanic activity at the proposed site.

17. Exhibit A17 – Land Conveyance and Land Use Permit

Provide a Land Use Permit from the Regional State or the relevant lease agreement with copies of the site plan.

18. Exhibit A18 – EIC, Environmental Authorization and Environmental Plan

Provide an **Environmental Impact Assessment**, and **Environmental Authorization of EPA** and an **Environmental Management Plan** which complies with the requirements of the EPA as well as the environmental policies and legislation.

19. Exhibit A19 – Public Health and Safety Plan

Provide plans for complying with legislation and standards relevant to the applicant's proposed activities and structures and systems for preventing or mitigating occurrence of injury, ill-health and hazardous conditions.

20. Exhibit A20 – Special Permits for Hydro Electric Power and Geothermal Power Plants

- 20.1 In the case of **hydro electric power plant**, the applicant shall procure and exhibit a Water Use License and a Development Permit from the Ministry of Water Resources Irrigation and Energy.
- 20.2 In the case of **geothermal power plant**, the applicant shall procure and exhibit an Exploration and Drilling License from the Ministry of Mines and a Development Permit from the Ministry of Water Resources Irrigation and Energy.

21. Exhibit A21 – Site Layout and Drawings

The applicant shall provide a detailed site layout and drawings covering the proposed facility

22. Exhibit A22 – Implementation Agreements and Permits

22.1 Provide copies of permits, Memoranda of Understanding and other relevant agreements with agencies relevant to the implementation of the project.

22.2 This documentation under this headline will include but will not be limited to –

- (a) Power Purchase Agreement;
- (b) Implementation Agreement;
- (c) Engineering Procurement and Construction Contract;
- (d) Operations and Maintenance Agreement and Plan
- (e) Interconnection Arrangements
- (f) Transmission Service Agreement

23. Exhibit A23 – Detailed Implementation Schedule

Provide milestones with timelines for the specific activities that must be performed to produce the various project deliverables, establishing interdependences and sequencing.

24. Exhibit A24 – Plant and Machinery Specifications

Provide detailed engineering design and equipment specifications.

25. Exhibit A25 – Supply Agreements

Provide details of supply agreements including fuel, water and electricity during construction.

PART 3 – Requirements for Existing Facilities or Before Commencement of Operations

26. Exhibit A26 – Safety and Technical Management Plan

Before commencement of operation, the licensee shall submit for the approval of the Authority the Safety and Technical Management Plan which shall include licensees;

- (a) Safety Policy Statement;
- (b) Safety Codes and Practices;
- (c) policy on demarcation, protection and prevention of unauthorized entry to site;
- (e) employee health and safety requirements in accordance with the Ethiopia labor requirements.

27. Exhibit A27 - Commissioning Report

Provide a satisfactory commissioning tests report.

28. Exhibit A28 – As Built Drawings

Provide the as-built drawings and plant layout.

Signature of Applicant and Title

Date

APPENDIX – 4

PROCEDURE AND REQUIREMENT FOR OBTAINING AN ELECTRICITY TRANSMISSION LICENSE

PART – 1 Filing Instructions

1. Application initiated by letter in writing as cover to the License Form to the Director General of the Authority.
2. Applicant shall fill and submit application form signed by a Principal Officer of the applicant entity (See Application Form 1-A provided in Appendix 1)
3. Applicant shall attach receipt confirming payment of the prescribed application fee.
4. Applicant shall attach 10 copies of the following exhibits as separate attachments, clearly labeled with the pages sequentially numbered.

PART – 2 List of Exhibits in Support of Application

1. Exhibit B1 – Scope of Operation

- 1.1 Provide a written description of the nature and extent of operational area of the applicant's business.
- 1.2 Provide the service coverage area by drawings and maps in which the applicant is operating or intends to operate.

2. Exhibit B2 – Business Organization Registration

Provide evidence that the applicant has done the following and provide copies of the relevant documents:

- (a) registered under the Commercial Code Proclamation No. 166 of 1960
Exhibit required includes – Commercial Registration Certificate;
- (b) obtained the Investment Permit from the EIC;
- (c) Power of Attorney if required.

3. Exhibit B3 – Particulars of Principal Officers, Directors and Partners or Shareholders

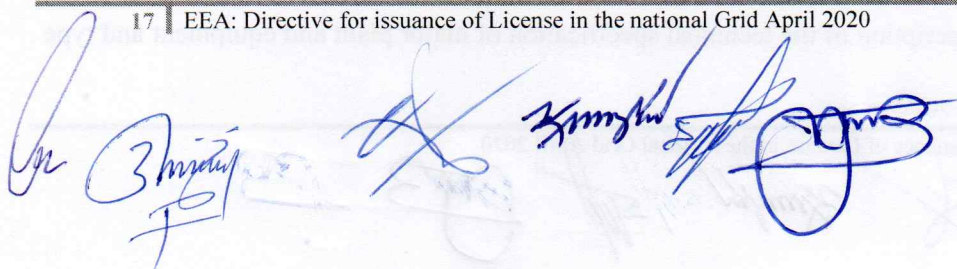
Provide the names, nationality, address and telephone and emails of the principal officers, directors, partners, shareholders and other such officials.

4. Exhibit B4 – Ownership and Corporate Structure

Provide a description of the applicant's corporate and ownership structures, including graphical description of each structure and list of all affiliates and subsidiary business organizations.

5. Exhibit B5 – Cross-ownership and Ring-fencing

State the following:



- (a) The basis on which the services and resources will be allocated and the nature of transactions between relevant operating areas of the applicant or between the applicant and other related entities.
- (b) In the case of applicants that are wholly owned subsidiaries, information on proposed audit arrangements should be provided and also state whether separate reports for the licensee and its parent organization, where, applicable are to be prepared and made public
- (c) Other guidelines, standards or measures relating to financial separation, ring fencing and separate audit arrangements which the applicant intends to adopt.

6. Exhibit B6 – Disclosure of Liabilities and Investigations

- 6.1 Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be licensed to provide.
- 6.2 Include a statement on whether the applicant or any of the applicant's associates, promoters, partners or directors has ever been refused a license or had a license cancelled, if so state the particulars of such occurrence, the relevant dates of making the application and the date of the order refusing, or cancelling the license and the reasons for the decision.
- 6.3 Provide details of Criminal History if Any.

7. Exhibit B7 – Financial Capability, Proposed Financial Plan and Financial Model

- 7.1 Provide the two most recent Annual Reports to Shareholders and copies of the applicant's three most recent years of audited financial statements including balance sheet, income statement, and cash flow statement and –
 - (a) where audited financial statements are not available, provide officer certified financial statements; or
 - (b) the applicant has not been in business long enough to satisfy this requirement, the applicant shall file audited or officer certified financial statements covering the life of the business.
- 7.2 Provide copies of the applicant's financial arrangements to conduct the electricity business as a business activity such as guarantees, bank commitments, contractual arrangements, credit agreements.
- 7.3 Provide two years of forecasted financial statements including balance sheet, income statement, and cash flow statement for the applicant's operation, along with a list of assumptions.
- 7.4 Provide proposed financial arrangements including source of funds and the proposed debt to equity ratio.
- 7.5 Provide pro-forma financial model.

8. Exhibit B8 – Statement of Description Assets and Technology

Provide a list and description of the technical specification of major plant and equipment and type of layout plan.

9. B9 – Feasibility Report

- 9.1 Provide a Feasibility Study Report on the new facility or installations to be used by the applicant.
- 9.2 The report should include, among other things, new facilities to be installed for the applicant's operations including drawings of substations, installations and equipment specifications together with proposed interconnections points and connection to the relevant distribution or transmission networks.

10. Exhibit B10 – Business Plan

Provide a description of the applicant's business model for the implementing the project or undertaking the business establishing the viability of the project.

11. Exhibit B11 – Organization's History & Existing Activities

- 11.1 Provide a concise description of the applicant's organizational history and principal business interests.
- 11.2 This should include all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application with respect to licensing or otherwise authorization to provide retail or wholesale electric services.

12. Exhibit B12 – Industry Participation and Other Activities

- 12.1 Provide general information about applicant's existing activities, both within and outside the electricity supply industry.
- 12.2 The applicant must summarize the reasons for intending to participate in the Ethiopian electricity industry, and the broad nature of that participation.
- 12.3 In providing the above explanation, the applicant should address the applicant's plans for meeting the objectives of the Authority as stated in the Proclamation, the Ethiopia Energy Authority Regulations, the EOR and this Directive and indicate how the granting of a license would be consistent with those requirements.

13. Exhibit A13 – Operational Experience & Expertise

- 13.1 Provide names, titles, e-mail addresses, telephone numbers, and the background of key personnel who will be involved in the operational aspects of the applicant's business.
- 13.2 Also, provide the following information:
 - (a) details of the experience and knowledge of the key personnel of the electricity supply industry;
 - (b) a summary of the skills and experience of the directors and senior managers, and their relevance to meeting the requirements of the license;
 - (c) evidence that the applicant has the capacity to comply with the license conditions, codes and guidelines relevant to its application; and
 - (d) if the applicant will rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal **Operation and Maintenance Agreement** to provide services, and a summary of the other entity's experience in and knowledge of the electricity

The bottom of the page features several handwritten signatures and initials in blue ink. From left to right, there is a large, stylized signature, followed by the number '3' and some initials, then another signature, and finally a cluster of signatures and initials on the right side.

supply industry, and technical capacity to meet the relevant requirements of the license should be provided in accordance with the provisions of this Directive.

14. Exhibit B14 – Implementation Schedule

Provide details of indicative timelines for the specific activities that must be performed to achieve the project milestones.

15. Exhibit B15 – Confidential Information

- 15.1 Notice should be taken that the Authority is mandated to publish the application under the EOR and to maintain a Register of Applications which is open for public inspection.
- 15.2 The applicant should indicate which information constituting the application is confidential or commercially sensitive and state the reasons for the seeking protection to enable the Authority decide on the confidentiality request.

16. Exhibit B16 – Site Analysis and Geological Survey

- 16.1 Provide details of analysis showing the suitability of the siting of the main plant and equipment of the facility.
- 16.2 Provide a Geological Report indicating the absence of or acceptable levels of seismic or volcanic activity at the proposed site.

17. Exhibit B17 – Land Conveyance and Land Use Permit

Provide a Land Use Permit from the Regional State or the relevant lease agreement as well as the **Rights of Way**.

18. Exhibit B18 – EIC, Environmental Authorization and Environmental Plan

Provide an **Environmental Impact Assessment**, and **Environmental Authorization of EPA** and an **Environmental Management Plan** which complies with the requirements of the EPA as well as the environmental policies and legislation.

19. Exhibit B19 – Public Health and Safety Plan

Provide plans for complying with legislation and standards relevant to the applicant's proposed activities and structures and systems for preventing or mitigating occurrence of injury, ill-health and hazardous conditions.

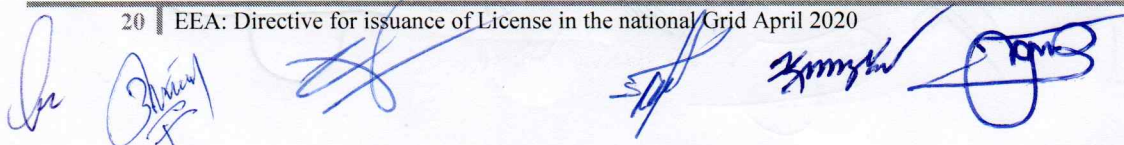
20. Exhibit B20 – Description of the Transmission Network System

21. Exhibit B21 – Site Layout and Drawings

The applicant shall provide a detailed site layout and drawings covering the proposed facility

22. Exhibit B22 – Implementation Agreements and Permits

- 22.1 Provide copies of permits, Memoranda of Understanding and other relevant agreements with agencies relevant to the implementation of the project.



- 22.2 This documentation under this headline will include but will not be limited to –
- (a) Engineering Procurement and Construction Contract;
 - (b) Operations and Maintenance Agreement and Plan;
 - (c) Interconnection Arrangements;
 - (d) Transmission Service Agreement.

23. Exhibit B25 – Supply Agreements

Provide details of supply agreements including fuel, water and electricity during construction.

PART 3 – Requirements for Existing Facilities or Before Commencement of Operations

24. Exhibit B24 – Safety and Technical Management Plan

Before commencement of operation, the licensee shall submit for the approval of the Authority the Safety and Technical Management Plan which shall include licensee’s –

- (a) Safety Policy Statement;
- (b) Safety Codes and Practices;
- (c) policy on demarcation, protection and prevention of unauthorized entry to site;
- (e) employee health and safety requirements in accordance with the Ethiopia labour requirements.

25. Exhibit B25 – Decommissioning Plan

Provide the plan for decommissioning the plant at the end of productive life where applicable.

Signature of Applicant and Title

Date



APPENDIX – 5

PROCEDURE AND REQUIREMENT FOR OBTAINING AN ELECTRICITY DISTRIBUTION AND SALE LICENSE

PART – 1 Filing Instructions

1. Application initiated by letter in writing as cover to the License Form to the Director General of the Authority.
2. Applicant shall fill and submit application form signed by a Principal Officer of the applicant entity (See Application Form 1-A provided in Appendix 1)
3. Applicant shall attach receipt confirming payment of the prescribed application fee.
4. Applicant shall attach 10 copies of the following exhibits as separate attachments, clearly labeled with the pages sequentially numbered.

PART – 2 List of Exhibits in Support of Application

1. Exhibit C1 – Scope of Operation

- 1.1 Provide a written description of the nature and extent of operational area of the applicant's business.
- 1.2 Provide the service coverage area by drawings and maps in which the applicant is operating or intends to operate.

2. Exhibit C2 – Business Organization Registration

Provide evidence that the applicant has done the following and provide copies of the relevant documents:

- (a) registered under the Commercial Code Proclamation No. 166 of 1960
Exhibit required includes – Commercial Registration Certificate;
- (b) obtained the Investment Permit from the EIC;
- (c) Power of Attorney if required.

3. Exhibit C3 – Particulars of Principal Officers, Directors and Partners or Shareholders

Provide the names, nationality, address and telephone and emails of the principal officers, directors, partners, shareholders and other such officials.

4. Exhibit C4 – Ownership and Corporate Structure

Provide a description of the applicant's corporate and ownership structures, including graphical description of each structure and list of all affiliates and subsidiary business organizations.

5. Exhibit C5 – Cross-ownership and Ring-fencing

State the following:

- (a) The basis on which the services and resources will be allocated and the nature of transactions between relevant operating areas of the applicant or between the applicant and other related entities.

- (b) In the case of applicants that are wholly owned subsidiaries, information on proposed audit arrangements should be provided and also state whether separate reports for the licensee and its parent organization, where, applicable are to be prepared and made public
- (c) Other guidelines, standards or measures relating to financial separation, ring fencing and separate audit arrangements which the applicant intends to adopt.

6. **Exhibit C6 – Disclosure of Liabilities and Investigations**

- 6.1 Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be licensed to provide.
- 6.2 Include a statement on whether the applicant or any of the applicant's associates, promoters, partners or directors has ever been refused a license or had a license cancelled, if so state the particulars of such occurrence, the relevant dates of making the application and the date of the order refusing, or cancelling the license and the reasons for the decision.
- 6.3 Provide details of Criminal History if Any.

7. **Exhibit C7 – Financial Capability, Proposed Financial Plan and Financial Model**

- 7.1 Provide the two most recent Annual Reports to Shareholders and copies of the applicant's three most recent years of audited financial statements including balance sheet, income statement, and cash flow statement and –
 - (a) where audited financial statements are not available, provide officer certified financial statements; or
 - (b) the applicant has not been in business long enough to satisfy this requirement, the applicant shall file audited or officer certified financial statements covering the life of the business.
- 7.2 Provide copies of the applicant's financial arrangements to conduct the electricity business as a business activity such as guarantees, bank commitments, contractual arrangements, credit agreements.
- 7.3 Provide two years of forecasted financial statements including balance sheet, income statement, and cash flow statement for the applicant's operation, along with a list of assumptions.
- 7.4 Provide proposed financial arrangements including source of funds and the proposed debt to equity ratio.
- 7.5 Provide pro-forma financial model.

8. **Exhibit C8 – Statement of Description Assets and Technology**

Provide a list and description of the technical specification of major plant and equipment and type of layout plan.



9. C9 – Feasibility Report

- 9.1 Provide a Feasibility Study Report on the new facility or installations to be used by the applicant.
- 9.2 The report should include, among other things, new facilities to be installed for the applicant's operations including drawings of substations, installations and equipment specifications together with proposed interconnections points and connection to the relevant distribution or transmission networks.

10. Exhibit C10 – Business Plan

Provide a description of the applicant's business model for the implementing the project or undertaking the business establishing the viability of the project.

11. Exhibit C11 – Organization's History & Existing Activities

- 11.1 Provide a concise description of the applicant's organizational history and principal business interests.
- 11.2 This should include all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application with respect to licensing or otherwise authorization to provide retail or wholesale electric services.

12. Exhibit C12 – Industry Participation and Other Activities

- 12.1 Provide general information about applicant's existing activities, both within and outside the electricity supply industry.
- 12.2 The applicant must summarize the reasons for intending to participate in the Ethiopian electricity industry, and the broad nature of that participation.
- 12.3 In providing the above explanation, the applicant should address the applicant's plans for meeting the objectives of the Authority as stated in the Proclamation, the Ethiopia Energy Authority Regulations, the EOR and this Directive and indicate how the granting of a license would be consistent with those requirements.

13. Exhibit C13 – Operational Experience & Expertise

- 13.1 Provide names, titles, e-mail addresses, telephone numbers, and the background of key personnel who will be involved in the operational aspects of the applicant's business.
- 13.2 Also, provide the following information:
 - (a) details of the experience and knowledge of the key personnel of the electricity supply industry;
 - (b) a summary of the skills and experience of the directors and senior managers, and their relevance to meeting the requirements of the license;
 - (c) evidence that the applicant has the capacity to comply with the license conditions, codes and guidelines relevant to its application; and
 - (d) if the applicant will rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal **Operation and Maintenance Agreement** to provide services, and a summary of the other entity's experience in and knowledge of the electricity supply industry, and

technical capacity to meet the relevant requirements of the license should be provided in accordance with the provisions of this Directive.

14. Exhibit C14 – Implementation Schedule

Provide details of indicative timelines for the specific activities that must be performed to achieve the project milestones.

15. Exhibit C15 – Confidential Information

15.1 Notice should be taken that the Authority is mandated to publish the application under the EOR and to maintain a Register of Applications which is open for public inspection.

15.2 The applicant should indicate which information constituting the application is confidential or commercially sensitive and state the reasons for the seeking protection to enable the Authority decide on the confidentiality request.

16. Exhibit C16 – Site Analysis and Geological Survey

16.1 Provide details of analysis showing the suitability of the siting of the main plant and equipment of the facility.

16.2 Provide a Geological Report indicating the absence of or acceptable levels of seismic or volcanic activity at the proposed site.

17. Exhibit C17 – Land Conveyance and Land Use Permit

Provide a Land Use Permit from the Regional State or the relevant lease agreement as well as the **Rights of Way**.

18. Exhibit C18 – EIC, Environmental Authorization and Environmental Plan

Provide an **Environmental Impact Assessment**, and **Environmental Authorization of EFCC** and an **Environmental Management Plan** which complies with the requirements of the **EFCC** as well as the environmental policies and legislation.

19. Exhibit C19 – Public Health and Safety Plan

Provide plans for complying with legislation and standards relevant to the applicant's proposed activities and structures and systems for preventing or mitigating occurrence of injury, ill-health and hazardous conditions.

20. Exhibit C20 – Description of the Distribution Network System

21. Exhibit C21 – Site Layout and Drawings

The applicant shall provide a detailed site layout and drawings covering the proposed facility

22. Exhibit C22 – Implementation Agreements and Permits

22.1 Provide copies of permits, Memoranda of Understanding and other relevant agreements with agencies relevant to the implementation of the project.

22.2 This documentation under this headline will include but will not be limited to –



- (a) Engineering Procurement and Construction Contract;
- (b) Operations and Maintenance Agreement and Plan;
- (c) Interconnection Arrangements;
- (d) Transmission Service Agreement.

23. Exhibit C25 – Supply Agreements

Provide details of supply agreements including fuel, water and electricity during construction, if applicable.

PART 3 – Requirements for Existing Facilities or Before Commencement of Operations

24. Exhibit C24 – Safety and Technical Management Plan

Before commencement of operation, the licensee shall submit for the approval of the Authority the Safety and Technical Management Plan which shall include licensee's –

- (a) Safety Policy Statement;
- (b) Safety Codes and Practices;
- (c) policy on demarcation, protection and prevention of unauthorized entry to site;
- (e) employee health and safety requirements in accordance with the Ethiopia labour requirements.

25. Exhibit C25 – Decommissioning Plan

Provide the plan for decommissioning the plant at the end of productive life where applicable.

Signature of Applicant and Title

Date

APPENDIX – 6

PROCEDURE AND REQUIREMENT FOR OBTAINING AN ELECTRICITY WHOLESALE SUPPLY, IMPORT AND EXPORT LICENSE

PART – 1 Filing Instructions

1. Application initiated by letter in writing as cover to the License Form to the Director General of the Authority.
2. Applicant shall fill and submit application form signed by a Principal Officer of the applicant entity (See Application Form 1-B provided in Appendix 1)
3. Applicant shall attach receipt confirming payment of the prescribed application fee.
4. Applicant shall attach 10 copies of the following exhibits as separate attachments, clearly labeled with the pages sequentially numbered.

PART – 2 List of Exhibits in Support of Application

1. Exhibit D1 – Scope of Operation

Provide a written description of the nature and extent of the applicant's business.

2. Exhibit D3– Business Organization Registration

Provide evidence that the applicant has done the following and provide copies of the relevant documents:

- (a) registered under the Commercial Code Proclamation No. 166 of 1960
Exhibit required includes – Commercial Registration Certificate;
- (b) obtained the Investment Permit from the EIC;
- (c) Power of Attorney if required.

3. Exhibit D4 – Particulars of Principal Officers, Directors and Partners or Shareholders

Provide the names, nationality, address and telephone and emails of the principal officers, directors, partners, shareholders and other such officials.

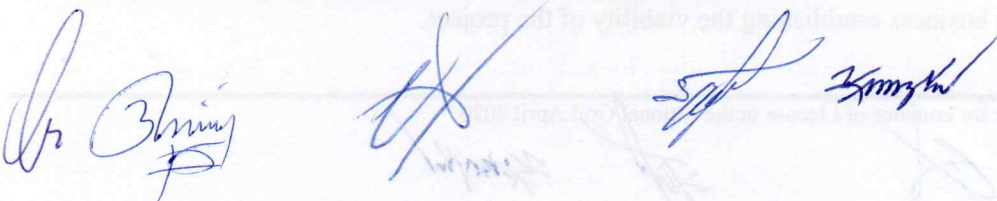
4. Exhibit D5 – Ownership and Corporate Structure

Provide a description of the applicant's corporate and ownership structures, including graphical description of each structure and list of all affiliates and subsidiary business organizations.

5. Exhibit D6 – Cross-ownership and Ring-fencing

State the following:

- (a) The basis on which the services and resources will be allocated and the nature of transactions between relevant operating areas of the applicant or between the applicant and other related entities.
- (b) In the case of applicants that are wholly owned subsidiaries, information on proposed audit arrangements should be provided and also state whether separate reports for the licensee and its parent organization, where, applicable are to be prepared and made public



- (c) Other guidelines, standards or measures relating to financial separation, ring fencing and separate audit arrangements which the applicant intends to adopt.

7. Exhibit D7 – Disclosure of Liabilities and Investigations

- 7.1 Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be licensed to provide.
- 7.2 Include a statement on whether the applicant or any of the applicant's associates, promoters, partners or directors has ever been refused a license or had a license cancelled, if so state the particulars of such occurrence, the relevant dates of making the application and the date of the order refusing, or cancelling the license and the reasons for the decision.
- 7.3 Provide details of Criminal History if Any.

8. Exhibit D8 – Financial Capability, Proposed Financial Plan and Financial Model

- 8.1 Provide the two most recent Annual Reports to Shareholders and copies of the applicant's three most recent years of audited financial statements including balance sheet, income statement, and cash flow statement and –
- (a) where audited financial statements are not available, provide officer certified financial statements; or
- (b) the applicant has not been in business long enough to satisfy this requirement, the applicant shall file audited or officer certified financial statements covering the life of the business.
- 8.2 Provide copies of the applicant's financial arrangements to conduct the electricity business as a business activity such as guarantees, bank commitments, contractual arrangements, credit agreements.
- 8.3 Provide two years of forecasted financial statements including balance sheet, income statement, and cash flow statement for the applicant's operation, along with a list of assumptions.
- 8.4 Provide proposed financial arrangements including source of funds and the proposed debt to equity ratio.
- 8.5 Provide pro-forma financial model.

9. Exhibit D9 – Statement of Description of Assets

Provide a list and description of equipment to be used, if any.

10. Exhibit D10 – Feasibility Report

Provide a Feasibility Study Report on the applicant's operation.

11. Exhibit D11 – Business Plan

Provide a description of the applicant's business model for the implementing the project or undertaking the business establishing the viability of the project.

12. Exhibit D12 – Organization’s History & Existing Activities

- 12.1 Provide a concise description of the applicant’s organizational history and principal business interests.
- 12.2 This should include all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application with respect to licensing or otherwise authorization to provide retail or wholesale electric services.

13. Exhibit D13 – Industry Participation and Other Activities

- 13.1 Provide general information about applicant’s existing activities, both within and outside the electricity supply industry.
- 13.2 The applicant must summarize the reasons for intending to participate in the Ethiopian electricity industry, and the broad nature of that participation.
- 13.3 In providing the above explanation, the applicant should address the applicant’s plans for meeting the objectives of the Authority as stated in the Proclamation, the Ethiopia Energy Authority Regulations, the EOR and this Directive and indicate how the granting of a license would be consistent with those requirements.

14. Exhibit D14 – Operational Experience & Expertise

- 14.1 Provide names, titles, e-mail addresses, telephone numbers, and the background of key personnel who will be involved in the operational aspects of the applicant’s business.
- 14.2 Also, provide the following information:
 - (a) details of the experience and knowledge of the key personnel of the electricity supply industry;
 - (b) a summary of the skills and experience of the directors and senior managers, and their relevance to meeting the requirements of the license;
 - (c) evidence that the applicant has the capacity to comply with the license conditions relevant to its application; and
 - (d) if the applicant will rely on another entity to provide staff and resources, a summary of the relationship between the applicant and this entity, including any formal **Management Agreement** to provide services, and a summary of the other entity's experience in and knowledge of the electricity supply industry, and technical capacity to meet the relevant requirements of the license should be provided in accordance with the provisions of this Directive.

15. Exhibit D15 – Implementation Schedule

Provide details of indicative timelines for the specific activities that must be performed to achieve the project milestones.

16. Exhibit D16 – Confidential Information

- 16.1 Notice should be taken that the Authority is mandated to publish the application under the EOR and to maintain a Register of Applications which is open for public inspection.
- 16.2 The applicant should indicate which information constituting the application is confidential or commercially sensitive and state the reasons for the seeking protection to enable the Authority decide on the confidentiality request.



PART 3 – Requirements for Existing Facilities or Before Commencement of Operations

17. Exhibit D17 – Power Sale and Purchase Agreement

18. Exhibit D18 – Transmission Service Agreement

Signature of Applicant and Title

Date