

LAW OF ELECTRICITY SECTOR ORGANIZATION

LAW # 462 ISSUED ON 05/09/2002

CHAPTER 1: GENERAL PROVISIONS

ARTICLE 1: DEFINITION OF TERMS

The following terms whenever used throughout this law have the following meanings:

The Ministry	The Ministry of Energy and Water
The Minister	The Minister of Energy and Water
The Regulator	The Regulator of Electricity Sector Organization
The Council	The Supreme Council of Privatization constituted by virtue of the Privatization Law.
Generation	The production of Electrical Energy by thermal, hydraulic resources, renewable or other resources.
Transmission	Comprises (1) high voltage electrical networks, which connect generating power plants to main sub-stations and (2) international equipment for the transport of electrical energy connected to foreign countries electrical networks. By definition, high voltage networks are those networks functioning at higher than 24 KV and the networks of international electrical energy transportation equipment are those, which extend from the connection point between the foreign countries electrical networks up to the main sub- station of energy transfer and connection.
Distribution	Comprises the distribution via medium and low voltage networks and the distribution stations of electrical energy to consumers whereby medium and low voltage networks function at 24 KV and below.

License	An official document issued by the panel to joint-stock companies grants by its virtue and by virtue of this law a concession for a maximal duration of fifty years to establish or to equip or to develop or for the appropriation or operating or managing or marketing equipment entering in the scope of public services in the fields of production, transport and distribution of a power exceeding 10 megawatts or the right to use the aforementioned equipment by virtue of a financing leasing contract.
The Licensee	The licensee is the person having a valid license duly granted to him by the regulator.
Permit	An official document issued by the regulator granting the right to establish or to equip or to develop or for the appropriation or operating or the maintenance of production equipment for private use at a power varying between 1.5 and 10 megawatts.
Company of Transmission	The Electricity Establishment or any other company owned by the public sector to which the properties of energy transport equipment is transferred.
Electricity Establishment	The public establishment known by the “Electricity of Lebanon” “EDL”.
The Consumer	Any natural or moral person whose consuming electrical equipment connected to the electricity network by means of a connecting point and by virtue of a subscription.
Privatization Law	Law n°228 dated May 31.2000, comprising the organization of privatization operations, specifying its conditions and the scopes of its application.
Privatized Company	Defined in article 4 below.

ARTICLE 2: THE SCOPE OF THE LAW

This law sets up the rules and principles governing the Electricity sector, including the role of the Government in this sector as well as the rules and principles organizing it, and the basis of transferring the mentioned sector or its management, totally or partially to the Private Sector.

ARTICLE 3: INDEPENDENCY PRINCIPLE OF EACH OF ELECTRICITY PRODUCTION, TRANSMISSION, AND DISTRIBUTION ACTIVITIES

The electric power is considered a vital, strategic, and economical commodity; and the activities related to its production, transmission, and distribution are deemed public utilities, of which each is independent functionally, administratively, and financially from the other. Provided that this

independency doesn't prevent EDL, after being converted into one or more privatized companies, from being able to perform more than one of the three abovementioned activities.

The principles of this independency are determined pursuant to decrees taken in the council of ministers upon the minister's proposal.

ARTICLE 4: FOUNDATION OF PRIVATIZED COMPANIES

1. Pursuant to a decree taken in the council of ministers, and on the basis of the council's proposal, it is possible to establish one or more joint-stock companies subject to the commercial law provisions with the exception of its article 78, and whatever this law doesn't stipulate, each of them is defined by a "Privatized Company" with the subject of performing all or a few of the production and distribution functions, practicing its business after obtaining a license granted pursuant to the provisions of this law.
2. The value of assets, liabilities, obligations and works in progress, of which the ownership transfer, or benefit from, to a privatized company is decided by the council with the help of a financial company or an international accounting company that the council appoints and determines its basis and principles of assessment.
3. The establishment decree determines the capital, which can be in a foreign currency, for each privatized company and the assets and liabilities that shall be transferred, and ratifies its main statute proposed by the council, provided to take into consideration that the shares of every privatized company its ownership shall revert in full, upon establishment, to the Lebanese government or to anyone of the public law persons, that remains the only shareholder until the company is totally or partially privatized.
4. The shares of every privatized company should be nominal. Contrary to any other text, all the shares of every privatized company, including the shares representing offerings in rem, can be instantly circulated, as they can be totally owned by non-Lebanese parties.
5. The board of directors of every privatized company, as long as this privatized company is totally owned by the Lebanese government or by anyone of the public law men, shall consist of a president and members that shall be appointed by the council of ministers. But after partial or total privatization, the election of the members of board of directors shall be via the general assembly without abiding by the nationality condition stipulated in article 144 of the commercial law, provided that the government shall be represented by one member at least appointed by the council of ministers, all along the period of its participation in the capital of every privatized company. If the president of the board of directors, the general director is non- Lebanese, he shall then be exempted from the obligation of obtaining a work permit.
6. Every privatized company is exempted from notary public fees dully returning to government, and the registration fees on the commercial register, including the fees related to the" judges mutual assistance fund"

and the bar association and the stamp duty on the capital; as well as the exemption of its offerings in rem from all transfer taxes. Every privatized company shall be exempted from all taxes and duties, as long as its shares are totally owned by the government or anyone of the public law men.

7. Every privatized company shall appoint a principle statutory auditor for a three-year period, and shall be exempted from the obligation of appointing an additional statutory auditor.

ARTICLE 5: PRIVATIZATION PRINCIPLES

a-The Available Equipment and Installations:

The council, in execution of the privatization law provisions (The law no. 228 dated May 31, 2000: Organization of privatization operations and specifying its conditions and the scopes of its application) and to the provisions of this law, is entitled to propose privatizing all or part of the activities or production and distribution equipment, through a tender or bid in accordance with the following:

The government, by a decree taken in the council of ministers and within a period not exceeding two years as from the date of founding any privatized company, can sell a proportion, not surpassing forty percent (40%), of every privatized company shares an investor in the private sector enjoying the expertise, the specialization and reputation in the electricity sector, and this is through an international tender and according to a tender document prepared by the supreme council of privatization after consulting the regulator and ratified by the council of ministers by virtue of a decree pursuant to the minister's proposal.

The investor, who comes first in the bid, is nominated the strategic partner, and this strategic partner shall take charge of the company's management as long as he remains the owner to at least half of the shares he has originally purchased, and abiding by the tender specifications, and as far as the Lebanese government still owns the company's shares majority.

The council of ministers, pursuant to the minister's proposal, shall specify the timetable, in which the other shares that are the Lebanese government property, are exposed to the private sector investors.

b-The Licenses

The regulator is entitled to issue licenses for a fifty-year period maximum, in accordance with the following:

- Through:

1. Effecting public tenders for the purpose of producing in the capacities exceeding 25 megawatts, and distributing the power in regions, where the consumers' number surpasses the fifty thousand.
2. Inviting offers for the production that does not surpass 25 megawatts, and for the distribution in regions, where the number of energy consumers doesn't go beyond fifty thousand.

c-The Transmission Company:

The transmission of electrical energy remains a property of the Transmission company and is possible by a decree taken in the council of ministers, upon the minister's proposal, to ratify contracts for the management, operation, development, or equipping the relatedtransmission activities to the private sector, including any privatized or any company owned by the private sector.

ARTICLE 6: POWERS AND FUNCTIONS OF THE MINISTRY

1-The ministry undertakes, in addition to the other powers and functions stipulated in this law, the following powers and functions:

- i) Formulating the general policy for the sector as well as the general master plan, and the discussion of directive studies with putting them in their final version and submitting them to the council of ministers for ratification.
- ii) Proposing the comprehensive rules for the services organization related to the electrical energy production, transmission and distribution, and the supervision of execution via the reports submitted by the regulator to the ministry.
- iii) Proposing draft laws and decrees related to the electricity sector.
- iv) Proposing general safety conditions, environmental conditions, and technical specifications that should be available in the electrical installations and equipment, provided that they are issued by virtue of a decree taken in the council of ministers upon the competent minister's proposal after consulting the regulator and the other competent authorities, and issuing the necessary instructions for this purpose.
- v) Undertaking the necessary contacts with the other countries aiming at establishing electrical interconnections and exchanging electrical energy and the ratification of necessary agreements after the parliament's approval for that.
- vi) Taking all available measures including assurances that the distributions according to the laws and ratified contracts by the government to processing any defects accruing in any of the electric sector activities that may have a negative effect on this sector interests or on the consumers rights and interests.
- vii) Proposing the appointment of the president and members of the regulator board of directors.

2-The ministry's framework is set up by virtue of a special law to this effect.

CHAPTER 2: THE NATIONAL Regulator FOR THE ELECTRICITY SECTOR ORGANIZATION

ARTICLE 7: ESTABLISHMENT OF THE REGULATOR

By virtue of this law a regulator is established under the name of “The Regulator of electricity Sector Organization” that takes in charge organizing and controlling the electricity affairs according to this law provisions, enjoys legal personality and technical, administrative, and financial independence, and shall have its headquarters in Beirut city. The Regulator is not subject to the decree provisions no.4517 dated December 13, 1972 (the Public Order for Public institutions)

ARTICLE 8: THE Regulator MANAGEMENT

1. The Regulator consists of a President and four full-time Members of the Lebanese nationality, appointed for a non-renewable or extendable five years period, by a decree taken in the council of ministers upon the minister’s proposal, of those having a university degree in the field of Electricity, Electronics, Economics, Business Administration, Law, finance, or Engineering with a relevant experience, and it is not allowed to revoke or terminate his services except for the reasons stipulated in this law.
2. The Regulator holds its meetings and takes decisions by the legally absolute majority of the members constituting the Panel.

ARTICLE 9: THE CONDITIONS AND PREVENTIONS OF APPOINTMENT

Respecting the appointment conditions stipulated in Article 4 of the decree-law no. 112/59 dated 12/06/1959 (Personnel Statute) with the exception of both age and competition, it is prohibited to appoint the Regulator’s president and members from the following categories:

1. Whoever has direct or indirect interest with anyone proffering electricity services, providing electricity equipment or equipment of private subscribers in or for Lebanon, or experiencing direct or indirect relationship with Electricity Sector in Lebanon.
2. Whoever announced his payment discontinuity or judgment in bankruptcy.
3. Against whoever a disciplinary judgment has been pronounced resulting in a punishment other than warning or blame.

ARTICLE 10: MEMBERSHIP TERMINATION

1. Each of the president’s and regulator management members’ term ends with the termination of the term, death, resignation, membership termination, or revocation.
2. The term of president or member is terminated by virtue of a decree taken in the council of ministers based on the minister’s proposal upon a flagrant breach in duties, or violating specified conditions in the above mentioned article 9, after verifying that, upon the minister’s request, a board consisting of the president of the supreme court of justice, the president of

state consultative council, and the president of Audit Office pursuant to a decision taken by majority.

3. In the case of the vacancy of the president or any member post, the council of ministers fill in the vacant positions within a month at most for the period left and according to the appointment principles.
4. In the case of the vacancy of the president post, the eldest of members replaces him.

ARTICLE 11: ALLOWANCES

Each of the president and members receives a monthly fixed allowance determined by virtue of a decree taken in the council of ministers upon the both ministers of finance and energy and water.

ARTICLE 12: FUNCTIONS AND POWER OF THE Regulator

The Regulator is in charge of the following powers and functions:

1. Preparing the general master plan studies for the sector in the fields of production, transmission and distribution, submitting it to the minister for discussion, bringing it to the final version and turn it to the council of ministers for approval.
2. Preparing draft-laws and decrees related to the application of this law provisions, referring it to the minister, and providing its opinion in the draft-laws and decrees related to electricity sector.
3. Encouraging investment in the electricity sector and improving operation quality, ensuring services quality and its good performance.
4. Ensuring and encouraging competition in electricity sector, monitoring and controlling non-competitive tariffs, and guaranteeing market transparency.
5. Determining and classifying various categories of production, transmission, and distribution, which reflect appropriately the differences in the electricity usage characteristics consistent with the various categories of consumers and the concerned service kind and its time schedule.
6. Determining prices ceiling for production services, applied tariffs to various electricity transmission and distribution services, and for subscription, services fees, and fines, and their collection system.
7. Setting up technical and environmental norms, rules of verifying the abiding by, and monitoring and controlling their application. Upon assuming its responsibilities, the regulator takes into consideration the best international norms related to electricity sector organization.
8. Defining the principles and norms of licenses and permits provided that these principles and norms do not contradict with this law provisions.
9. Issuing, renewing, suspending, modifying, canceling, licenses and permits. Upon the regulator's decision to renew the license or permit, or in case the license or permit stipulates the possibility of renewing, it is the responsibility of the regulator to notify licensees and permit holders the renewal conditions two years prior to the license or permit invalidity date.

10. Monitoring the abiding of licensees and permits holders in the fields of production, distribution, and transmission by the laws and rules, agreements, and conditions of licenses, permits, and tenders specifications to guarantee the good service performance for subscribers, especially in relation with tariffs system and subscription policy. The regulator is entitled, in case they don't abide by the above mentioned, to apply the laws in force. And it is up to these persons and to the EDL to provide the regulator with information, and technical and financial data with any other information requested by the regulator for the realization of its goals.
11. Assuring the equality between the licensees and permits holders in benefiting from the transmission equipment, according to the specified tariffs.
12. Monitoring the good functioning of production, transmission, and distribution services up to conveying the electric current to the consumer and this after the consultation with the competent authorities with respecting the free competition conditions in the sector and the government policy and its strategy and the conditions of agreements, licensees and permits in force, including the protection of consumers interest, guaranteeing stability in the electrical energy sector and the services prices balance. This is according to the laws in force in this framework.
13. Studying and ratifying the applications of permits holders and licensees to modify the licensed services for them to submit and their approval upon facing cases of deficiency in supply or equipment breakdown, or in case of "force majeure".
14. Setting up an annual report on its activities submitted during the three months following each fiscal year to the council of ministers through the minister, and this report is published in the official gazette containing a summary on the measures taken by the regulator in executing the functions entrusted in, and its contribution extent in achieving the specified goals in this law.
15. Acting as an intermediate and arbitration committee to settle arising conflicts in applying this law provisions between the licensee, in addition to settling conflicts amicably between consumers and the holders of distribution licenses.
16. Taking any decisions, measures, actions, or other functions stipulated in this law and the regulations in force.

ARTICLE 13: BYLAW AND ADMINISTRATIVE LAWS AND PERSONNEL STATUTE

The panel sets up its bylaw and the administrative laws as well as its personnel statute, on which the minister ratify within 30 days as of their submission date. In the event of non-ratification within the specified period, the minister should refer the bylaw to the council of ministers to take the appropriate decision.

ARTICLE 14: BUDGET AND FINANCIAL SYSTEMS

1. The regulator enjoys the administrative and financial independency and is only subject to the control of arrears audit office. And their funds are deposited in a special account opened at the “Banque Du Liban (BDL)”.
2. The first regulator has, within three months as of its constitution date, to set up a special statute for these funds management provided that it is coupled with the ratification of both ministers of energy & water and finance.
3. At least three months prior to each fiscal year end, the regulator sets up the next year budget and submits it to the minister for ratification within 30 days as of its registration date in the competent department in the ministry. As it is subject to the finance minister’s ratification in accordance with the same rules.
In case of a dispute regarding the budget, the matter is referred to the council of ministers for settlement.
4. As from the first of January up to the ratification on its budget, the regulator is entitled to collect the revenues and spend the expenses based on the duodecimal rule in comparison with the previous year budget.

ARTICLE 15: FINANCING

1. The resources of the regulator’s income consist of the following revenues:
 - i) The license applications and permits fees the regulator receives, as well as the annual fees that licensees and permits holders pay in return of controlling, examining, monitoring, applying the licenses and permits, and acquainting the regulator with its functions.
 - ii) A percentage on the electricity consumption bill not exceeding 1% of its value. According to the minister’s proposal based on a report he sets up about the regulator’s needs and annual budget, the percentage is determined by virtue of a decree taken in the council of ministers.
 - iii) Unconditional aids and grants from sources having no direct or indirect interest in electricity sector, and this after the council of ministers’ approval.
2. In addition to the above stipulated revenues, the regulator is exceptionally financed for a maximal two year-period as of its establishment date, either by way of contributions assigned to it in the general budget or via special contributions decided by the parliament according to a budget the regulator sets up annually, provided that all regulator operations and costs are financed after the two years period ending in accordance with the paragraph provisions /1/ of this article.
3. Any annual deficit or surplus realized is brought forward to the next year budget, provided that the forwarded surplus to the treasury account doesn’t surpasses twenty percent of the previous year budget. The regulator has to observe appropriate reserves for its special needs in its budget provided that these reserves do not exceed fifteen percent of its annual budget.
4. Every year, the funds surpluses emanating from the regulator functions practice are forwarded to the treasury account.

5. These accounts are subject to the internal audit system and the independent audit by the accounting & audit offices according to the provisions of article 73 of the law no. 326 dated 28/06/2001 (budget law of the year 2001)

ARTICLE 16: DATA PUBLIC CHARACTER

1. With the exception of all what have to do with the commercial secrecy and the competition principle, the regulator makes accessible to the public all the data, documents, records, and statements. Whoever desires to be acquainted with or obtain copies of them, has the right to submit a written request, provided that the panel specifies, corresponding to the appropriate cost, the required fee for that.
2. The regulator publishes in the official gazette at the end of each fiscal year, and in at least two local daily newspapers, a statement of its assets and liabilities standing accompanied with a summary on its budget.

ARTICLE 17: THE Regulator's DECISIONS

The regulator's decisions are subject to the justification principle, and the regulator must clarify within the causality of its decision the reasons and aims behind it.

The regulator's decisions become effective only from the date of its notification or publication in the official gazette.

ARTICLE 18: METHODS OF DECISIONS REVIEW

1. Each business owner has the right to ask for reconsideration of the decisions issued by the regulator within a two-month period as of its publication or notification. The regulator has to decide an exemption within a two-month period as of the decision issuance, or within a two-month period as of the reconsideration request application 's date, withdraw the decision or halt its execution, or take any temporary measure to maintain the status quo and avoid any damage occurrence up to finally settling the situation administratively and legally.
2. The state consultative council undertakes the examination of reviews related to the administrative decisions issued by the regulator provided that the used principles and delays in this judgment are respected.
3. As to conflicts between the regulator and its employees or with its contracting parties, it will be of the Supreme Court jurisdiction. And the arbitration items, upon their occurrence in the contracts arranged with third parties, are respected.

CHAPTER 3: LICENSES AND PERMITS

ARTICLE 19: EQUALITY AND COMPETITION PRINCIPLE

In order to insure equality and realize competition, licenses and permits are granted to those who satisfy the prerequisite conditions specified by the regulator, and the distinction and imposing restrictions on providing the services is not allowed. Also, it is not allowed to impose such restrictions on the appropriation or operations of the necessary fundamental structures for providing these services.

And abiding by the provisions of this law and by the regulator statutes is considered as one of the prerequisite conditions of each granted license even if it is not explicitly mentioned in the license.

ARTICLE 20: LICENSES AND PERMITS PROCEDURES

1. The regulator takes charge of the setting up of the rules of submitting the licenses and permits application forms and their review.
2. Issued by virtue of organizing decrees, a detailed mechanism of applying for licenses and permits, with the conditions of their granting suspension and annulment, in addition to licenses fees, provided that they don't contradict with this law provisions, and provided that the regulator, in formulating these rules and accepting the applications forms, to take into account the constituents of transparency and competitiveness and this according to norms accredited by the regulator given that these norms are known by all and the applications be available to the public for review according to the provisions of article 16 of this law.
3. The regulator grants the licenses according to the following conditions and the other conditions that shall be specified by virtue of a decree taken in the council of ministers:
 - The technical and safety conditions
 - The quality of production, cost, prices, and consumers protection.
 - Ensuring the environment protection.
 - Continuous coordination programs with the production, transmission, and distribution sectors.
 - Equipment geographic sites.
 - The operational and financial ability of the potential licensee.
4. The regulator has to settle the permit and license applications within six months at most as of the their submission date.
5. The validity period of license or permit and the necessary details for executing closes aforementioned.
6. The license comprises the basic obligations that are the licensee's responsibility in execution of this law provisions or those the regulator specifies for its targets realization purposes, including the fees and the supply of information to the regulator and the submission to the inspection, and the validity license period and its ending or renewal conditions, given

that the license includes explicit conditions guaranteeing the service permanence upon the license ending.

7. It is prohibited for whoever provides or offers one of the electricity services only according to this law provisions and the statutes the regulator sets up in execution of these provisions. Each violation, including that of providing a service subject to license without obtaining the license, exposes its perpetrator to the stipulated penalties in article thirty-nine of this law.

ARTICLE 21: THE GRANTED PRIVILEGES

The privileges granted, prior to this law issuance, remain valid according to their special laws provisions.

ARTICLE 22: THE EQUIPMENT, NORMS, AND TECHNICAL CONDITIONS

1. The regulator specifies the norms and technical conditions required for application on all of the electricity equipment for guaranteeing that no damage is inflicted on the networks, the public health, or the public safety or environment. Each licensee or permitted has, by virtue of this law, to abide by the norms and all of the technical conditions the panel sets up.
2. The company is entitled to impose as a condition its approval on the kinds of electricity equipment related to production and distribution prior to their sale or usage in Lebanon, to insure that no damage is caused to the public safety, public health, environment, or networks. The regulator is also entitled to specify general or special norms for the performance or the harmonious work and the linkage to the various kinds of equipment, and to guarantee their conformity with this law provisions and the rules the regulator sets up in implementation to its provisions.

The regulator may resort to the officers responsible of public health or the public safety and to the manufacturers specify the approval on the equipment kinds, as it may resort to more than one consultant industrial group to test the equipments and evolve and develop them.

ARTICLE 23: TRANSFER AND ANNULMENT OF LICENSES AND PERMITS

3. It is not allowed for the licensees or permit holders to renounce the licenses or permits to any other party, unless after obtaining in advance the regulator's approval and provided that the transfer or renouncement is in conformity with this law provisions and the statutes issued in implementation to it.
4. The regulator has the right to suspend the license or permit validity, or cancel or terminate it in the following events:
 - The frequent failure to abide by one of the obligations he is accountable for within the period specified by the regulator
 - The intentional breach to the license or permit conditions, or to this law provisions and the statutes issued in execution to it.
 - The declaration of the licensee's, or permit holder's liquidation.
 - Upon the permit holder's, or licensee's request.

- In the event of the licensee's, or permit holder's bankruptcy, or failure to fulfill his obligations.
- In the event of obtaining fraudulently the license or permit.

In the case of canceling any license or permit, the regulator should take the necessary measures to ensure regularly the power supply to the consumers.

CHAPTER 4: GENERATION, TRANSMISSION, AND DISTRIBUTION

FIRSTLY: PRODUCTION

ARTICLE 24: GENERATION DEFINITION

Generation consists of every activity leading to the local generation of electrical energy, and which is of two kinds:

1. The general production, which is intended for sale.
2. Private production, which is intended for the uses of the private productive authority

ARTICLE 25: ENERGY OF NUCLEAR ORIGIN

The energy of nuclear origin is not subject to this law provisions.

ARTICLE 26: GENERATION FOR PRIVATE USAGE OF A POWER LESS THAN 1.5 MEGAWATT

The installation of generation equipment for private usage of a power less than 1.5 megawatt is not subject to permit condition, given that the environment , public health, and public safety requirements are respected, and that is according to specified norms issued by decisions from the regulator after consulting the environment ministry and the competent departments and institutions.

SECONDLY: TRANSMISSION

ARTICLE 27: TRANSMISSION DEFINITION

The transmission network starts from the transmission outputs in the generation plants to end at the medium voltage cells outputs in the main transmission stations. And it consists of aerial lines, buried cables, main sub-stations, and alike electrical components of high-voltage, and of any other installations contributing in the transmission activities and the international linking operations of whatever voltage, the transmission network also comprises all the components of links, protection, telecommunications, monitoring, the national control center and other services, buildings, and other than that of what is necessary for the good exploitation of transmission networks installations whether they are electrical or non-electrical.

ARTICLE 28: AUTHORITIES OF THE TRANSMISSION COMPANY

The transmission company is responsible of studying, proposing, appropriating, expanding transmission networks and the main transformation stations, managing operating, and the maintenance of national control system and the monitoring of the energy transmission, including the coordination between generation, Transmission and distribution given that these authorities do not preclude the ratification of contracts stipulated in article five in this law.

The transmission company undertakes satisfying the generation and distribution companies' orders for selling the produced and required energy the panel specifies on the basis of various energy sources. The transmission company ensures the continuity of supplying consumers with the electrical power, especially, after the decree issuance to this purpose; and putting it into effect within the national control system framework, as it undertakes also the coordination between the companies of generation and distribution.

Benefiting from the transmission equipments, the transmission company has also to guarantee the equality between the licensees and permit holders, according to the tariffs the regulator specifies.

ARTICLE 29: TECHNICAL NORMS

The regulator determines in the light of this law provisions the minimal technical norms that should be available in designing and exploiting the network linkage with the installations of generation, distribution, and with the consumers' equipments.

These norms shall be put in a way guaranteeing objectively and absolutely the inter-operability capacities for the transmission network.

ARTICLE 30: RESPONSIBILITIES OF THE TRANSMISSION COMPANY

The transmission company has to insure the energy flow to its networks, as it has to secure the network safety, its work efficiency and continuity, and look after all the accessories services readiness. The transmission company abides by the obligation of conserving the sensitive commercial information secrecy, with which it is acquainted in the course of executing its functions (i.e. cost, price, technical loss, partners...).

THIRDLY: DISTRIBUTION**ARTICLE 31: DISTRIBUTION DEFINITION**

The distribution starts from the outputs of every transformation station, in which the voltage is lowered to 24 K.V. and less.

The distribution network consists of aerial and buried medium and low voltage lines, and the distribution stations and alike of electrical components (i.e. contents of electric meters rooms, subscribers' connecting points, and all the

cutoff and counting equipment...) located within the geographical distribution scope.

ARTICLE 32: DISTRIBUTION FUNCTIONS

The distribution functions include:

1. Equipping and installing the aerial and buried low and medium voltage networks, and equipping the distribution stations, ground and aerial outputs from the distribution stations up to the subscribers buildings and public lighting, and using advanced remote counting and reading equipments and organization of bills.
2. Receiving and executing the clients' applications according to the rules and subscription policies.
3. Conveying the electric current to subscribers as quickly as possible. Upon a deficiency occurrence in providing the electric current to consumers by the distribution company, it is up to it to supply the consumer as a last resort.
4. The maintenance of distribution networks and stations, subscribers connecting points, electric meters rooms, metering and switching off equipment.
5. Ensuring the process of installation, maintenance, and periodical control of the subscribers' electric meters connected to network, reading the electric meters, and billing and collection.
6. Controlling the breaches and transgressions on the network and eliminating them according to the rules and regulations in force without incurring any liability on the distribution company in case of cutting off supplying the consumer from the network due to his failure to pay the fee of services extended provided to respect, in order to apply this article, a grace period the distribution companies specify in agreement with the panel. The consumer in default is held accountable for settling his reconnection fee to the network, and for the consumed electrical power fee based on reading the electric meters, and that are in conformity with the rules the panel sets up.
7. Performing the operations and maneuvers by means of an operations room, and ensuring network safety, work, and environmental precaution.
8. Guaranteeing for each consumer the right to benefit from the network distribution without any discrimination. The distribution companies are also committed to ensure the electricity distribution and conveyance to the specified location, according to the stated conditions in the contract signed by the consumer, and to the license conditions and this law provisions, in addition to the regulations the panel sets up.
9. Ensuring distribution without any delay of unjustified discrimination, and that through installing and expanding its network in order to be connected with other licensees and consumers, following the requirements related to necessary financial contributions to construct these equipment, and which the regulator can approve from time-to-time.

10. The regulator l may grant a non-exclusive license to any applicant in order to provide a service comprising an exclusive right for the company should the company fails to provide this service in one or more region after being notified in writing.

The distribution companies perform the planning, work, maintenance, and development of its distribution network in order to comply appropriately with the anticipated increases in the electricity services applications. The distribution companies are entrusted with the same authorities and rights entrusted to the EDL by virtue of the laws and rules in force.

CHAPTER 5: ACCOUNTINGS AND TARIFFS

ARTICLE 33: ACCOUNTINGS

1. The regulator has the right to be acquainted with the companies' accounts of production, transmission, and distribution, and has the right to resort to whomever it wishes to audit these companies' accounts.
2. The institutions, companies, and staff working in the electricity sector are required to organize, audit, and publish their annual accounts according to the laws and rules in force or any additional rules set up by the panel.
3. The institutions, companies, and staff working in the electricity sector are required to hold independent accounts for each of their activities whether they are related to production, transmission, distribution, or other activities beyond the scope of electricity sector.

ARTICLE 34: TARIFFS

Respecting the provisions of article 12 of this law in relation with determining a ceiling for the prices of generation services, the generation sale prices become freely circulated by the relevant parties within this ceiling limit after a period the council of ministers determines by virtue of a decree that shall be issued based on the regulator's recommendation, and the regulator el approves the tariffs of transmission and distribution taking especially into account:

1. Cost components.
2. Prices average internationally accredited.
3. Consumers' category.
4. Nature and/or quality of offered services.
5. Consumption periods.

CHAPTER 6: PROCEDURES OF CONTROL, INSPECTION, AND PENALTIES IMPOSING

ARTICLE 35: THE CONTROL AND INSPECTION EMPLOYEES

The regulator's personnel comprises a special system of control and inspection the members, of which are considered judicial police specialized in electricity sector, and the procès-verbal organized by those enjoys the force of evidence of the judicial police procès-verbals, as it is possible for the public

prosecutions and investigation judges to seek their help in all the proofs and investigation procedures in the cases on hand, provided that they have taken the legal oath before the civil court of appeal before embarking work.

ARTICLE 36: THE PROCEDURES OF CONTROL AND INSPECTION

1. The regulator sets up a statute, subject to the minister's confirmation, in which the control and inspection rules are specified with respecting the laws provisions and rules in force, and organizes periodical work programs for the controllers and inspectors, as it also issues spontaneously or based on a received notice, urgent orders for control and inspection.
2. The controller or inspector while performing the mission he is officially in charge of, and whenever the mission requires so, has to enter all the public or private places, and inspect or request any information about the existing installations or equipment or those which should have been constructed, and be acquainted with the records, evidences, and documents, as, of which, he is entitled to take copies or excerpts, and requests whatever document or information he deems useful.
3. Applied in the cases of entering by force and drawing up procès-verbal upon finding evidences favoring a breach occurrence for the provisions stipulated in the penal procedure law, and the procedures followed in the judicial police.
4. The information being acquainted by the controllers and inspectors, in the course of executing their tasks, are considered to be secret and prohibited to be disclosed except before their hierarchical chiefs or upon request of the competent judicial authority. Also, the secrecy provisions are applied to whoever acquaints with these information by reason of his work in the panel or ministry.
5. Whoever provides the controllers or inspectors with records and documents, or declares before them information, which are proven to be untrue, shall be punished for the falsification crimes and the declaration of false testimony.

ARTICLE 37: THE NOTICE AND AMICABLE SETTLEMENT

After verifying a breach occurrence, the regulator may decide notifying the perpetrator or perpetrators to eliminate the violation within a thirty-day period maximum, according to the instructions issued by the regulator, to impose abiding by the law provisions and the license conditions, before resorting to impose the appropriate penalty.

The regulator is entitled to invite the perpetrator(s), and whoever is in relation with the violation or whoever is by which damaged, to a special meeting to agree on an amicable solution resulting in eliminating the violation, abiding by the license conditions and the law provisions, and offsetting the damages caused to the panel or others.

ARTICLE 38: PENALTIES IMPOSITION

1. After verifying any breach to this law provisions or to the license conditions, or to the license issued in execution of it, and after addressing a notice and inviting to a meeting in view of reaching an amicable solution,

or without recourse to these two means, the regulator may decide imposing the penalties stipulated in article thirty nine in this law.

2. The regulator's decisions related to the penalties imposition accept contestation before the court of appeal examining the penal law suits at the condemned residence place, and in case of multiplicity of the condemned by one violation or by correlated violations, the general provisions of jurisdiction in the crimes correlation shall be applied.
3. The regulator's decisions shall remain in effect unless the court of appeal decides to stop the execution.

ARTICLE 39: PENALTIES

The regulator is entitled to impose one or more of the penalties shown below, according to the violation importance and each case circumstances:

1. Modifying license conditions or imposing new conditions on the license in a way guaranteeing the violation elimination, and the execution of this law provisions.
2. Stopping the license for a specified period or canceling it definitively, and depriving the violator from obtaining any temporary license or definitively, upon repeating the violation or committing an important violation, which it is up to the panel to estimate.
3. Imposing the fine the evaluation, of which pertain to the regulator in the light of the violation importance or it's repetition, provided to be taken into consideration, upon imposing the fine, the assets of the physical /moral person in default mentioned in the balance sheet statement, the value of the equipment materials in use, and the estimated receivables to be realized due to the violation provided that the fine does not exceed the quarter (1/4) of the entire person's assets value stated in his balance sheet. The panel has also the right to impose an additional fine on every delayed day to eliminate the persistent violation.
4. The finance ministry undertakes collecting the determined fines amount.

ARTICLE 40: JUDICIAL PURSUIT

The procedures the regulator takes do not preclude the judicial pursuit before the competent court if the violation represents a crime, for which it is punished, by virtue of the laws provisions in force, unless the crime constitutes a transgression on the others' right and reconciliation has been realized by virtue of an amicable settlement under the auspices of the regulator.

If the competent court decided to seize the equipment or materials used in the violation, the seizure is deemed in favor of the panel and shall be sold in the public auction to the treasury's order.

ARTICLE 41: SETTLEMENT OF DISPUTES

1. Based on the received complaints, the regulator settles the disputes arising between the electricity services suppliers, or those arising between them and their subscribers or the beneficiaries from their services. Attempting to reach an amicable solution and respecting the right of pleading upon the

settlement of disputes, the both articles provisions 39 and 40, shall be respected.

2. The regulator's decision in settling the disputes accepts the contestation before the civil court of appeal having jurisdiction in settling the dispute in question. The decisions of the court of appeal do not accept any way of ordinary or extraordinary ways of recourse.
3. The regulator has the authority to address a notice or an invitation to reach an amicable solution or impose an appropriate penalty, according to the provisions of previous articles, if it happens that, while looking over the complaint, a violation occurred to the license conditions or this former law provisions and the statutes issued for its execution.

CHAPTER 7: MISCELLANEOUS PROVISIONS

ARTICLE 42: THE ENVIRONMENT PROTECTION AND THE CLASSIFIED SITES

The legal and organizational provisions related to the protection of environment and the general safety, and the archeological and tourist classified sites should be respected in all electricity statutes related to the usage of the private and public properties, and in the granted licenses and permits.

ARTICLE 43: THE USAGE CONDITIONS OF THE PUBLIC AND PRIVATE AND PROPERTIES

The licensees, who offer the distribution services, are subject to and take advantage of the decrees provisions in force and the amendments that might affect to them, or whatever new decrees shall be issued for this purpose after the entry date of this law, and this is in view of using these public and private properties and in whatever that does not contradict with this law provisions and its applied decrees.

ARTICLE 44: THE APPROPRIATION OF REAL ESTATES

In case the licensees couldn't purchase the private real estates by mutual consent for the purpose of construction, operation, maintenance, or installation of distribution networks, they may call for the regulator in view of requesting the competent minister to propose the ratification of public utility and the appropriation of real estates needed by the licensees in order to perform their work, provided that the appropriation transactions do not take more than six months and shall be applied in this respect the provisions in force in the appropriation law. The licensee, who requests the appropriation to his own account and interest, settles the appropriation compensations as they are specified by the appropriation committees, and registers the appropriated real estate in the real estate register in the name of the Lebanese government with giving the usufruct on it without anything in return for the licensee's interest as long as this license is valid.

And the regulator will be in the capacity of general direction, according to the concept of this article, in order to request the competent minister proposing to the council of ministers the declaration of the public utility and the commencement and finalization of the appropriation transactions.

ARTICLE 45: THE SITUATIONS OF PERSONNEL, WAGE EARNERS, CONTRATORS, AND MINISTRY EMPLOYEES CONCERNED WITH THE ELECTRICITY SECTOR AND EDL

Firstly: The Transitional Phase

1. Within a three-month period as of this law publication date in the official gazette, the ministry issues its organizational decrees determining its own staff, and the employees and workers of the ministry, concerned with the electricity sector and the EDL, and of those who are needed and enjoy the statutory conditions are annexed with being transferred to new staff according to the provisions stipulated in the mentioned statutory decrees.
2. As to the regulator and the companies that are likely to be established, there shall be within three months as of the regulator appointment or the company foundation date determining conditions of selecting the need of both of them to the ministry employees and all the other workers, concerned with the electricity sector, in it and in EDL; and this in coordination with the minister of energy and water, provided that the situations of the concerned parties shall be settled in accordance with the provisions mentioned in paragraph two of this article.
3. It is possible to anyone of the employees and workers in the ministry, concerned with the electricity sector, and in EDL to ask for terminating his service, within a period starting as of this law publication in the official gazette, and it ends after six months as of the date of appointing both directions of the regulator and the company; as to the employee and worker whose resignation is dully accepted, is in this case given an additional compensation equivalent to his salaries and indemnities total for thirty months provided that it won't be less than /LBP 30 million/, Lebanese pounds thirty million and it does not exceed than /LBP 200 million/ Lebanese pounds two hundred million if it has elapsed of his service more than five years, however, if the five years haven't elapsed, then he shall be given an additional compensation equivalent to two-month salary for each year of service provided that it is not less than Lebanese pound thirty million, and doesn't exceed /LBP 50 million/, Lebanese pounds fifty million. It is not allowed to withdraw the resignation request after being registered before the competent direction.

Secondly: Settlement of employees' and workers' situations

The ministry employees' and all its workers' situations, concerned with the electricity sector, as well as the EDL workers' are settled according to the following:

a- As to the Ministry Employees concerned with the Electricity Sector:

1. In case of staying in the new ministry staff, their functional status remain unchanged and especially what concerns their salaries and ranks.
2. In case they opt to work in the regulator, they shall be positioned out of the staff, and this according to the provisions related to the position out of staff stipulated in the personnel statute needless to renew it annually provided that the value of their indemnities are not less than salaries value they had previously received.
3. In case the employee chooses to join any company coupled with the company approval on that, his rights shall be liquidated according to this law provisions. And he shall be drawn up a contract pursuant to these companies accredited statutes.
4. In the other cases:
 - They shall be repositioned in the staff of public departments pursuant to the personnel statute provisions governing the transfer from one cadre to another.
 - As to those who could not be repositioned, they are put at the ministry disposition and they continue to receive their salaries, their compensations, their hierarchical progress until reaching their retirement age, and it is up to the council of ministers, or to the competent ministers, at any time, engage them in any post in the public administrations or establishments, and in this case they receive their salaries from the authorities they are transferred to work with, provided that the civil service council, during this period, undertakes to reposition them in vacant posts in the public administrations staff according to the personnel statute provisions, and whenever it is possible.

b- As to the wage earners and contractors in the ministry concerned with the electricity sector, and the employees and contractors in EDL:

1. In case they are selected to work in the regulator, coupled with their acceptance for that, their previous services are added to their ulterior services before the National Social Security Fund. Provided that their monthly compensations are not less than their salaries and compensations they were receiving.
2. In case they are selected to work with one of the companies coupled with their acceptance of that, they are subject to the provisions law in force.
3. In all the other cases, they are subject to the surplus provisions in force at this law issuance date, and pursuant to the applied provisions in the EDL and KADISHA Electricity in what concerns the end of service indemnity.

ARTICLE 46: THE MUNICIPALITIES' RIGHTS BEFORE EDL AND KADISHA COMPANY

Upon electricity sector total or partial privatization, the treasury is held accountable for the fund balance of municipalities before EDL and KADISHA Electricity, and the ministry of finance upon the end of privatization operations undertakes these balances consolidation and their distribution with the share of each municipality from the independent municipal fund and this is according to the amounts due to each municipality with EDL or KADISHA company.

ARTICLE 47: MINUTES OF LAW APPLICATION

The minutes of this law application are determined by decrees taken in the council of ministers upon the minister's proposal.

ARTICLE 48: THE TRANSITIONAL PHASE

All the legal and the organizational provisions in force prior to the entry of this law in effect remain in force until the law becomes effective.

ARTICLE 49: APPLICATION OF LAW

This law becomes effective right after its publication in the official gazette.

**Beirut on:
The parliament speaker**

Nabih Berry

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