

دائرة الطاقة
DEPARTMENT OF ENERGY



Abu Dhabi Transmission and Despatch Company

Water and Electricity Transmission and Despatch Licence

Licence

1 January 2018

ED/L01/005

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Abu Dhabi Transmission and Despatch Company

Water and Electricity Transmission and Despatch Licence

Licence ED/L01/005

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Licence development

Previous issues

Document No. ED/L01/005, Issue No. 1 Rev (5), Issue Date 01 Jan. 2014

Document No. ED/L01/005, Issue No. 1 Rev (4), Issue Date 01 Jan. 2010

Document No. ED/L01/005, Issue No. 1 Rev (3), Issue Date 01 Jan. 2006

Document No. ED/L01/005, Issue No. 1 Rev (2), Issue Date 01 Oct. 2003

Document No. ED/L01/005, Issue No. 1 Rev (1), Issue Date 27 May 2001

Document No. ED/L01/005, Issue No. 1 Rev (0), Issue Date 13 Dec. 1998

Changes in Issue 1 Revision 6, effective as of 1 January 2018

Incorporates changes to Charge Restriction Conditions Schedule for RC1 to implement the RC1 Final Proposals and consequential changes following the issuance of Law No. (11) of 2018.

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Part 1 – The licence

1. Grant of licence

The DOE hereby grants licence to Abu Dhabi Transmission and Despatch Company to carry out the activities referred to in paragraph 4 below. This present licence supersedes any previously issued licences to Abu Dhabi Transmission and Despatch Company.

This licence is granted in exercise of the powers conferred on the DOE by Article (4) of Law No (11) and Article (82) of Law No (2).

2. Conditions of licence

This licence is granted subject to the Conditions in Parts 2, 3 and 4 to this licence and for the period referred to in paragraph 3 below.

This licence is subject to modification in accordance with its terms or with Article (98) of Law No (2).

This licence is also subject to revocation in accordance with Condition 12 below.

3. Licence term

This licence shall come into force on the Effective Date and, unless revoked in accordance with the provisions of Condition 12 shall continue until it is terminated by not less than 25 years notice in writing given by the DOE to the Licensee.

4. Licensed Activities

The activities permitted to be carried out by the licensee pursuant to this licence are:

- a) the transmission of electricity; and
- b) the transmission of water,

in each case for the purpose of enabling a supply to be given to any premises in the Emirate of Abu Dhabi.

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5. Definitions

The following words and expressions used in this licence shall have the following meanings:

Accounting Standards means accounting standards approved by the DOE from time to time;

Affiliate means in relation to the Licensee means any holding company or subsidiary of the Licensee or any subsidiary of a holding company of the Licensee;

Ancillary Services means services which may be required from time to time for reasons of system security and stability and which are identified in a Transmission Code;

Auditor means the Licensee's auditor from time to time holding office in accordance with the requirements of article 144 of the Commercial Companies Law;

Bureau means the Regulation and Supervision Bureau as established by Law No (2) of 1998;

Despatch Business means the authorised business of the licensee or any Affiliate or Related Undertaking carried on for the purposes of compliance with Condition 21;

DOE means the Department of Energy as established pursuant to Abu Dhabi Law No (11) of 2018 concerning the establishment of the Department of Energy. The Department of Energy is the successor entity to the Regulation and Supervision Bureau pursuant to Law No (11) of 2018 - accordingly any references to the Regulation and Supervision Bureau, the Bureau or RSB in this Licence shall be interpreted as referring to the Department of Energy (unless the context otherwise requires);

Effective Date means 1 January 1999;

Electricity Transmission Business means the authorised business of the Licensee or any Affiliate or Related Undertaking in the planning, development, construction or maintenance of the Licensee's Transmission Systems and the operation of such transmission systems for the transmission of water and electricity including any business for the provision of connections to the Licensee's Transmission Systems but not a Separate Business or any other business of the Licensee or Affiliate;

Electricity Transmission Code means the transmission code or codes of that name required to be prepared pursuant to Condition 3 as from time to time revised with the approval of the DOE;

Law means Law No (11) and Law No (2);

Law No (2) means Law No (2) of 1998 concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi (as amended from time to time);

Law No (11) means Law No (11) of 2018 concerning the establishment of the Department of Energy (as amended from time to time);

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Licensed Activities means the activities permitted to be carried out by the Licensee pursuant to the terms of this licence;

Licensed Operator means the Abu Dhabi Water and Electricity Company or any person (other than the Licensee) who is authorised to desalinate, transmit, store, distribute or supply water or generate, transmit, distribute or supply electricity;

Licensee means the person to whom this licence is granted;

Licensee's Transmission Systems means:

- a) the system consisting (wholly or mainly) of water pipelines owned or operated by the Licensee and used for the transmission of water from one or more desalination facilities or water storage facilities to a pumping station or storage facility or between pumping stations and includes any plant owned or operated by the Licensee in connection with the transmission of water; and
- b) the system consisting (wholly or mainly) of high voltage electrical lines owned or operated by the Licensee and used for the transmission of electricity from one generation station to a substation or between sub stations and includes any plant owned or operated by the Licensee in connection with the transmission of electricity;

Operational Balancing Purposes means purposes necessarily ancillary to the conduct of the Licensed Activities;

Potable Water Plant means has the meaning ascribed to it from time to time in the Water Transmission Code;

Related Undertaking means is in relation to the Licensee any undertaking in which the Licensee has a participating interest, amounting to 30% or more of such undertaking's share capital or in respect of which the Licensee has the right to appoint a majority of the directors of that undertaking;

Relevant Transmission System means the Licensee's water Transmission System and/or its electricity Transmission System;

Separate Business means each of the Electricity Transmission Business and the Water Transmission Business;

Transfer Scheme has the meaning ascribed to it in Article (137) of Law No (2);

Water Transmission Business means the authorised business of the Licensee or any Affiliate or Related Undertaking in the planning, development, construction or maintenance of the Licensee's Transmission Systems and the operation of such transmission systems for the transmission of water including any business for the provision of connections to the Licensee's Transmission Systems but not a Separate Business or any other business of the Licensee or Affiliate;

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Water Transmission Code means the transmission code or codes of that name required to be prepared pursuant to Condition 3 as from time to time revised with the approval of the DOE.

6. Interpretation

For the purpose of this Licence:

- a) where any obligation of the Licensee is required to be performed within a specified time limit that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit;
- b) in construing a Condition, the heading or title of any Condition or paragraph shall be disregarded;
- c) any reference to a numbered Condition or Schedule is a reference to the Condition or Schedule bearing that number or prefix in this licence and any reference to a paragraph is to the paragraph bearing that number or prefix in the Condition or Schedule in which the reference occurs; and
- d) terms used in this Licence shall unless the context otherwise admits have the same meaning as ascribed to them in the Law.

Granted by



for

Eng. Mohammed Bin Jarsh Alfalasi

Undersecretary

Part 2 – Transmission and despatch conditions

Condition 1 – Part 2 conditions

1. The Conditions in this Part 2 shall apply to the Licensed Activities forming the Water Transmission Business, the Electricity Transmission Business and the Despatch Business of the Licensee.

Condition 2 – Prohibited activities

1. The Licensee shall not and shall procure that any Affiliate or Related Undertaking of the Licensee shall not, on its own account (or that of the Licensee or of any Affiliate or Related Undertaking of the Licensee as the case may be):
 - a) purchase or otherwise acquire water or electricity and/or water for the purpose of sale or other disposition to third parties; or
 - b) generate electricity and/or produce water by desalination or any other means, except where ancillary to the business of a transmission and/or despatch operator;
 - c) engage in the business of water storage, except for Operational Balancing Purposes; or
 - d) engage in the distribution or supply of water and electricity to premises.
2. The Licensee shall not without the prior consent in writing of the DOE carry on any activities other than the Licensed Activities or those other activities necessarily ancillary thereto.
3. The Licensee shall conduct the Licensed Activities at all times in accordance with the Law.

Condition 3 – Transmission Codes

1. The Licensee shall in consultation with Licensed Operators prepare and at all times have in force and shall implement and (subject to paragraph 10 of this Condition) comply with an Electricity Transmission Code and a Water Transmission Code (respectively in relation to the Licensee's electricity Transmission System and water Transmission System):
 - a) covering all material technical aspects relating to connections to and the operation and use of the Licensee's water and electricity Transmission Systems or (in so far as relevant to the operation and use of the Licensee's Transmission Systems) the operation of pipelines and water facilities and electric lines and electrical plant connected to the Licensee's Transmission Systems or the distribution system of any Licensed Operator and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 5 below; and

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- b) which is designed so as:
 - i) to permit the development, maintenance and operation of efficient, co-ordinated and economical systems for the generation and transmission of electricity and the desalination and transmission of water; and
 - ii) subject to paragraph (i), to promote the security and efficiency of the water and electricity transmission and distribution systems of the Emirate of Abu Dhabi as a whole.
2. The Transmission Codes in force at the Effective Date of this licence shall be sent to the DOE for its approval. Thereafter the Licensee shall (in consultation with Licensed Operators) periodically review (including upon the request of the DOE) each Transmission Code and its implementation. Following any such review, the Licensee shall send to the DOE:
 - a) a report on the outcome of such review; and
 - b) any proposed revisions to the Transmission Code as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in sub-paragraph (b) of paragraph 1; and
 - c) any written representations or objections from Licensed Operators (including any proposals by such operators for modifications to the Transmission Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.
 3. Revisions to a Transmission Code proposed by the Licensee and sent to the DOE pursuant to paragraph 2 shall require to be approved by the DOE.
 4. Having regard to any written representations or objections referred to in sub-paragraph (c) of paragraph 2, and following such further consultation (if any) as the DOE may consider appropriate, the DOE may issue directions requiring the Licensee to revise a Transmission Code in such manner as may be specified in the directions, and the Licensee shall forthwith comply with any such directions.
 5. A Transmission Code shall include:
 - a) connection conditions specifying the technical, design and operational criteria to be complied with by the Licensee and by any person connected or seeking connection to the Licensee's Transmission Systems or by any person authorised to generate and/or desalinate or discharge water from storage who is connected with or seeks connection to the transmission or distribution systems of any third party which is located in the Emirate of Abu Dhabi;
 - b) an operating code specifying the conditions under which the Licensee shall operate the Licensee's Transmission Systems and under which persons shall operate their plant and/or distribution systems in relation to the Licensee's Transmission Systems, in so far as necessary to protect the security and

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- quality of supply and safe operation of the Licensee's Transmission Systems under both normal and abnormal operating conditions;
- c) a planning code specifying the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Licensee's Transmission Systems and to be taken into account by persons connected or seeking connection to the Licensee's Transmission Systems in the planning and development of their own plant and systems;
 - d) a scheduling and despatch code specifying the scheduling system referred to in Condition 21; and
 - e) procedures relating to outages of generation units, desalination units and Potable Water Plant.
6. The Licensee shall give or send a copy of each Transmission Code (as from time to time revised) to the DOE.
 7. The Licensee shall (subject to paragraph 8) give or send a copy of each Transmission Code (as from time to time revised) to any person requesting the same.
 8. The Licensee may make a charge for any copy of each Transmission Code (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued by the DOE.
 9. In preparing, implementing and complying with each Transmission Code (including in respect of the scheduling of maintenance of the Licensee's Transmission Systems), the Licensee shall not unduly discriminate against or unduly prefer:
 - a) any one or any group of persons; or
 - b) the Licensee in the conduct of any business other than the Water Transmission Business and the Electricity Transmission Business,
 in favour of or as against any one other or any other group of persons.
 10. The DOE may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with a Transmission Code in respect of such parts of the Licensee's Transmission Systems and/or to such extent as may be specified in the directions.
 11. The Licensee shall keep and maintain such records concerning its implementation of and compliance with each Transmission Code and all modifications made to each Transmission Code as are in accordance with such guidelines as the DOE shall from time to time have given to the Licensee and are, in the opinion of the DOE, sufficient to enable the DOE to assess whether the Licensee is performing the obligation imposed upon it under paragraph 9 and the Licensee shall furnish to the DOE such records (or such of these as the DOE may require) in such manner and at such times as the DOE may require.

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Condition 4 – Health and safety

1. The Licensee shall, taking due account of any guidance issued to it by the DOE and applicable health and safety standards prevailing in the Emirate of Abu Dhabi, within 6 months from the Effective Date of this licence establish a written policy designed to protect the health and safety of the general public and persons employed by the Licensee from the effect of the Licensed Activities, together with operational objectives and management arrangements to give effect to such policy. The Licensee shall review the policy, the operational objectives and management arrangements periodically and otherwise as appropriate.
2. The Licensee shall, upon the establishment and any material change of them, promptly send the DOE a copy of the policy together with a general description of the operational objectives and management arrangements.
3. The Licensee shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.

Condition 5 – Disposal of assets

1. The Licensee shall not dispose or relinquish operational control over any relevant asset otherwise than in accordance with the following paragraphs of this Condition.
2. Save as provided in paragraph 3, the Licensee shall give to the DOE not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the DOE may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
3. Notwithstanding paragraphs 1 and 2, the Licensee may dispose of or relinquish operational control over any relevant asset:
 - a) where:
 - i) the DOE has issued directions for the purposes of this Condition containing a general consent (whether or not subject to conditions) to:
 - A) transactions of a specified description; and/or
 - B) the disposal of or relinquishment of operational control over relevant assets of a specified description; and
 - ii) the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject;
 - b) under such contracts or agreements, or contracts or agreements of such a description, as may have been designated by the DOE for the purposes of this Condition;

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- c) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation or by or under the Transfer Scheme.
4. Notwithstanding paragraph 1, the Licensee may dispose of or relinquish operational control over any relevant asset as is specified in any notice given under paragraph 2 in circumstances where:
- a) the DOE confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to the acceptance by the Licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished of such conditions as to the DOE may specify); or
 - b) the DOE does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.
5. In this Condition:
- a) **disposal** includes any sale, gift, lease, licence, loan, mortgage, charge or the grant of another encumbrance or the permitting of an encumbrance to subsist or any other disposition to a third party, and dispose shall be construed accordingly;
 - b) **relevant asset** means any asset for the time being forming part of the Licensee's Transmission Systems, any control centre for use in conjunction therewith and any legal or beneficial interest in land upon which any of the foregoing is situate.

Condition 6 – Provision of information to the DOE

1. Subject to paragraph 3, the Licensee shall furnish to the DOE, in such manner and at such times as the DOE may require, such information and shall procure and furnish to it such reports, as the DOE may consider necessary in the light of the Conditions or as it may require for the purpose of performing:
 - a) the functions assigned to it by or under the Law; and
 - b) any functions transferred to it under the Law.
2. Without prejudice to the generality of paragraph 1, the DOE may call for the furnishing of accounting information, which is more extensive than or differs from that required to be prepared and supplied to the DOE under Condition 8.
3. In paragraphs 1 and 2, **information** shall include any documents, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the DOE) of any description specified by the DOE.

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Condition 7 – Fees

1. The Licensee shall, at the times stated hereunder, pay to the DOE fees of the amount specified in, or determined under, the following paragraphs of this Condition.
2. In respect of the year beginning on the Effective Date and in each subsequent year, the Licensee shall pay the Licensee fees to the DOE in accordance with its current Scale of Charges and Services publication, as determined, prepared and published by the DOE, from time to time.
3. The fee shall be paid by the Licensee to the DOE within one month of the DOE giving notice to the Licensee of its charges, in writing.
4. In this Condition:
 - a) **Current Scale of Charges and Services** means the publication prepared and issued by the DOE to all Licensed Operators, identifying the fee structure and charges for all licence holders, as from time to time revised and amended by the DOE.

Condition 8 – Separate accounts for separate businesses

1. The first financial year of the Licensee shall run from 1 January 1999 to 31 December 1999 and thereafter each financial year of the Licensee shall run from 1 January to the following 31 December.
2. The remaining paragraphs of this Condition apply for the purpose of ensuring that the Licensee (and any Affiliate or Related Undertaking) maintains accounting and reporting arrangements which enable:
 - a) separate accounts to be prepared for each Separate Business showing the financial affairs of each such Separate Business; and
 - b) those accounts to be prepared in accordance with accounting standards approved from time to time by the DOE.
3. Licensee shall in respect of each Separate Business:
 - a) keep or cause to be kept for the periods referred to paragraph 1 and in the manner referred to in such accounting records in respect of each Separate Business as would be required to be kept in respect of each such business if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee (and any Affiliate or Related Undertaking) from those of any other business; and
 - b) prepare on a consistent basis from such accounting records in respect of:
 - i) each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of cash flow, together

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with notes thereto, and showing separately in respect of each Separate Business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:

- A) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - B) determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and
- ii) the first six months of the financial year an interim profit and loss account;
- c) procure, in respect of the accounting statements prepared in accordance with this Condition in respect of a financial year, a report by the Auditors and addressed to the DOE stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, and the Separate Business to which the statements relate; and
- d) deliver to the DOE:
- i) a copy of the account referred to in sub-paragraph (b)(ii) above;
 - ii) the Auditors' report referred to in sub-paragraph (c) above; and
 - iii) the accounting statements referred to in sub-paragraph (b)(i) above, soon as reasonably practicable, and in any event not later than:
 - iv) three months after the end of the period to which it relates in the case of the account referred to in sub-paragraph (b)(ii); and
 - v) four months after the end of the financial year to which they relate in the case of the accounting statements.
4. a) Unless the DOE so specifies in directions issued for the purposes of this Condition or with its prior written approval the Licensee shall not in relation to the accounting statements in respect of a financial year change the basis of charge or apportionment or allocation referred to in paragraph 3(b)(i) from those applied in respect of the previous financial year.
- b) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such bases of charge or appointment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if so directed in directions issued by the DOE, in addition to preparing accounting statements on the bases which it has adopted in respect of that

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financial year, prepare accounting statements on the bases applied in respect of the immediately preceding financial year.

5. Accounting statements in respect of a financial year prepared under paragraph 3(b)(i) shall, unless otherwise approved by the DOE having regard to the purposes of this Condition:
 - a) have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee prepared under relevant law;
 - b) conform to the best commercial accounting practices and to the Accounting Standards or such other standards as may be notified to the Licensee by the DOE from time to time;
 - c) state the accounting policies adopted; and
 - d) (with the exception of the part of such statement which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively), be published with the annual accounts of the Licensee.
6. References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to a particular Separate Business, and interest thereon and references to any profit and loss account shall be construed accordingly.

Condition 9 – Prohibition of cross-subsidies

1. The Licensee shall procure that no Separate Business shall give any cross-subsidy to, or receive any cross-subsidy from:
 - a) any other business of the Licensee or an Affiliate or Related Undertaking of the Licensee (whether or not a Separate Business); or
 - b) any Licensed Operator for the time being holding (directly or indirectly) any shares in the Licensee or any Affiliate or Related Undertaking of the Licensee.

Condition 10 – Insurance against third party liability

1. The Licensee shall, in respect of its Licensed Activities, maintain insurance (including self insurance) against third party liabilities on terms approved by the DOE (including but without limitation, with respect to type, cover, level and identity of insurer) with any modification as may be required pursuant to paragraph 3.
2. The Licensee shall, except as the DOE may otherwise consent, procure that every insurance policy maintained pursuant to paragraph 1 shall bear an endorsement to the effect that 30 days notice shall be given to the DOE by the insurer or insurance broker of any lapse or cancellation of, or material change to, the policy.

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3. Where the DOE notifies the Licensee that the DOE requires any modification of the insurance approved by the DOE pursuant to paragraph 1 the Licensee shall, no later than 60 days (or such longer period as the DOE may approve) from the date of the notice, procure that such modification is made.
4. In this Condition:
 - a) **self insurance** means the Licensee's financial capacity to meet any liability to a third party in respect of which the Licensee does not otherwise have insurance.

Condition 11 – Environmental matters

1. The Licensee shall, taking due account of any guidance issued to it by the DOE and any applicable environmental standards prevailing in the Emirate of Abu Dhabi within 6 months from the Effective Date of this licence establish a written policy designed to protect the environment from the effect of the Licensed Activities, together with operational objectives and management arrangements to give effect to such policy. The Licensee shall review the policy, the operational objectives and management arrangements periodically and otherwise as appropriate.
2. The Licensee shall, upon the establishment and any material change of them, promptly send the DOE a copy of the policy together with a general description of the operational objectives and management arrangements.
3. The Licensee shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.

Condition 12 – Revocation

1. The DOE may at any time revoke this licence by not less than 30 days notice in writing to the Licensee:
 - a) if the Licensee agrees in writing with the DOE that this licence should be revoked;
 - b) if any amount payable under Condition 7 is unpaid 30 days after it has become due and remains unpaid for a period of 30 days after the DOE has given the Licensee notice that the payment is overdue;
 - c) if the Licensee fails to comply with a preliminary order (within the meaning of Article (107) of Law No (2)) or with a final order (within the meaning of Article (106) of Law No (2)) or an order which has been confirmed under Article (109) of the Law No (2) and (in any such case) such failure is not rectified to the satisfaction of the DOE within 3 months after the DOE has given notice to the Licensee provided that no notice shall be given by the DOE before the expiration of the period within which an application under Article (121) of Law No (2) could be made questioning the validity of the final or preliminary order

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or before the proceedings relating to any such application are finally determined;

- d) if the Licensee ceases to carry on its business in the Licensed Activities;
- e) if the Licensee:
 - i) has been adjudicated insolvent or if the general assembly passes a resolution to wind up the Licensee or if the Licensee suffers a loss of 50% of the share capital and a resolution to wind up the Licensee is passed by the shareholders representing at least 25% of the share capital of the Licensee;
 - ii) suffers a change in its control;
- f) if the Licensee is convicted of having committed an offence under Article (135) of Law No (2) in making its application for this licence;
- g) on the expiry of the duration of the existence of the Licensee as specified in its memorandum and articles of association; or
- h) on the dissolution of the Licensee by operation of law on its merger with another entity.

2. For the purpose of paragraph 1(e)(ii) of this Condition:

- a) there is a change in the control of the Licensee whenever a person obtains control of the Licensee who did not have control of the Licensee when this licence was granted; and
- b) control means in respect of a person by another, that that other (whether alone or with others and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise):
 - i) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that person or of any other person; or
 - ii) controls or has the power to control the affairs and policies of that person or of any other person which controls that person; or
 - iii) is the parent undertaking of that person or of any other person which controls that person; or
 - iv) possesses or is, or will be a future date, entitled to acquire:
 - A) 30% or more of the share capital or issued share capital of, or of the voting power in, that person or any other person which controls that person; or
 - B) such part of the issued share capital of that person or any other person which controls that person as would, if the whole of the income of such person were in fact distributed, entitle him to receive 30% or more of the amount so distributed; or

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- C) such rights as would, in the event of the winding-up of that person or any other person which controls that person or in any other circumstances, entitle him to receive 30% or more of the assets of such person which would then be available for distribution.

and, for those purposes, there shall be attributed to any person the rights or powers of any nominee of his and the rights and powers of any one or more persons which he, or he and associates of his, controls and of any one or more associates of his.

Part 3 – Transmission conditions

Condition 13 – Part 3 conditions

1. The Conditions in this Part 3 shall apply to the Licensed Activities forming the Transmission Business of the Licensee.

Condition 14 – Duty to offer terms for connection and use of the system

1. On application made by any licensed distribution operator the Licensee shall (subject to paragraph 6) offer to enter into an agreement for use of system:
 - a) to accept into the Licensee's Relevant Transmission System at such entry point or points and in such quantities as may be specified in the application, water or electricity (as appropriate) to be provided by or on behalf of such licensed distribution operator; and/or
 - b) to deliver such quantities of water or electricity (as appropriate) as are referred to in sub-paragraph (a) above (less any transmission losses) at such exit point or points on the Licensee's Relevant Transmission System and to such person or persons as the licensed distribution operator may specify; and
 - c) specify the use of system charges to be paid by the licensed distribution operator, such charges being calculated by reference to the statement referred to at paragraphs 1 and 2 of Condition 15 or any revision thereof; and
 - d) containing such further terms as are or may be appropriate for the purposes of the agreement.
2. On application made by any person, the Licensee shall (subject to paragraph 6) offer to enter into an agreement for connection to the Licensee's Relevant Transmission System or for modification to an existing connection. Such offer shall, unless the DOE otherwise consents, be made on the Licensee's terms and conditions (published in accordance with paragraph 9) and shall make detailed provision regarding:
 - a) the carrying out of works (if any) required to connect the Licensee's Relevant Transmission System to any other system (whether at any production facilities or elsewhere) for the transmission or distribution of water or electricity (as appropriate) and for the obtaining of any consents necessary for such purpose;
 - b) the carrying out of works (if any) in connection with the extension or reinforcement of the Licensee's Relevant Transmission System rendered (in the Licensee's discretion) appropriate or necessary by reason of making the connection or modification to an existing connection and for the obtaining of any consents necessary for such purpose;
 - c) the installation of appropriate metering equipment (if any) required to enable the Licensee to measure water or electricity being accepted into the

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- Licensee's Relevant Transmission System at the specified entry point or points or leaving such system at the specified exit point or points;
- d) the date by which any works required to permit access to the Licensee's Relevant Transmission System (including for this purpose any works to reinforce or extend the Licensee's Transmission System) shall be completed;
 - e) the connection charges to be paid to the Licensee, such charges:
 - i) to be presented in such a way as to be referable to the statement referred to in paragraphs 1 and 3 of Condition 15 or any revision thereof; and
 - ii) to be set out in conformity with the requirements of paragraph 4 of Condition 15 and (where relevant) of paragraph 4; and
 - f) containing such further terms as are or may be appropriate for the purpose of the agreement.
3. If requested by any person in its application, the Licensee's offer made pursuant to paragraph 2 shall be made on each of the following alternative bases, namely that:
- a) the Licensee will carry out or procure the carrying out of all works referred to in the offer; and
 - b) the applicant will carry out or procure the carrying out of all or some part of the works referred to in the offer, as specified by the applicant in its application,
- and, if paragraph 3(b) applies, the Licensee's offer shall contain:
- c) all such technical specifications of works; and
 - d) all such other information,
- as may be necessary or desirable to enable the applicant to plan and procure the carrying out of the relevant works.
4. For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under an agreement for making a connection or modification to an existing connection, the Licensee shall have regard to:
- a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other person as a result of carrying out such works whether by reason of the reinforcement or extension of the Licensee's Relevant Transmission System or the provision of additional entry or exit points on such system or otherwise; and
 - b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from third parties.
5. The Licensee shall offer terms for agreements in accordance with paragraph 1 or paragraph 2 above as soon as practicable and (save where the DOE consents to a longer period) in any event not more than the period specified in paragraph 7 below after receipt by the Licensee from:

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- a) in the case of paragraph 1, an licensed distribution operator; and
 - b) in the case of paragraph 2, any person,
- of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer.
6. The Licensee shall not be obliged by this Condition to offer to enter or to enter into any agreement if:
 - a) to do so would be likely to involve the Licensee:
 - i) in a breach of the Law;
 - ii) in a breach of regulations made pursuant to the Law;
 - iii) in a breach of a Transmission Code; or
 - iv) in breach of the Conditions; or
 - b) the person making the application does not undertake to be bound insofar as applicable by the terms of a Transmission Code from time to time in force; or
 - c) in the case of persons making application for use of system under paragraph 1, such person ceases to be an licensed distribution operator.
 7. For the purpose of paragraph 5, the period specified shall be:
 - a) in the case of persons seeking use of system only, 28 days; and
 - b) in the case of persons seeking connection or a modification to an existing connection or use of system in conjunction with connection, 3 months.
 8. Any dispute between the Licensee and any person to whom the Licensee is obliged to make an offer pursuant to paragraph 1 or paragraph 2 (and whether as to the making of an offer, the terms offered, the proposed charges or otherwise) may, upon the application of that person, be determined by the DOE and the Licensee shall comply with and be bound by any such determination.
 9. The Licensee shall as soon as practicable, and in any event within 28 days after the Effective Date of this licence, prepare standard terms and conditions in a form approved by the DOE for connection to the Licensee's Relevant Transmission System including terms and conditions in respect of the matters referred to in paragraph 2.
 10. The Licensee may periodically revise the terms and conditions prepared in accordance with paragraph 9 with the approval of the DOE.
 11. The Licensee shall send a copy of the terms and conditions prepared in accordance with paragraph 9, and of each revision of such terms and conditions in accordance with paragraph 10, to the DOE.
 12. The Licensee shall give or send a copy of the terms and conditions prepared in accordance with paragraph 9, or (as the case may be) of the latest revision of such terms and conditions made in accordance with paragraph 10, to any person who requests a copy of such terms and conditions.

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Condition 15 – Charges and planning statements

Statements of charges for connection and use of system

1. The Licensee shall as soon as practicable and in any event within 28 days after the Effective Date of this licence prepare statements (separately in relation to the Licensee's water Transmission System and electricity Transmission System) in a form approved by the DOE setting out the basis upon which the charges for use of system and for connection to the Licensee's Transmission Systems will be made in each case in such form and with such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which he would become liable for the provision of such services and (without prejudice to the foregoing) including the information set out in paragraphs 2 and 3 below.
2. The statements referred to in paragraph 1 shall (in each case) in respect of use of system include:
 - a) a schedule of charges for transport of water and electricity (as appropriate) under use of system;
 - b) the methods by which and the principles on which the charges (if any) for availability of capacity on the Licensee's Transmission Systems will be made;
 - c) a schedule of the charges (if any) which may be made for the provision and installation of any meters or other plant at entry or exit points the provision and installation of which is ancillary to the grant of use of system and for the maintenance of meters or other plant; and
 - d) the methods by which and principles on which entry and exit charges for connections in operation before the grant of the licence will be calculated.
3. The statements referred to in paragraph 1 shall (in each case) in respect of connections to the Licensee's Relevant Transmission System include:
 - a) a schedule listing those items (including the carrying out of works and the provision and installation of pipelines, electric lines or meters (as appropriate)) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Licensee's Relevant Transmission System for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
 - b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the Licensee's Relevant Transmission System rendered (in the Licensee's discretion) necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;

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- c) the methods by which and the principles on which connection charges will be made in circumstances where the pipelines, electric lines or other plant (as appropriate) to be installed are (at the Licensee's discretion) of greater size or capacity than that required for use of system by the person seeking connection;
 - d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance and repair required of pipelines, electric lines, other plant or meters (as appropriate) provided and installed for making a connection to the Licensee's Relevant Transmission System;
 - e) the methods by which and principles on which any charges will be made for disconnection from the Licensee's Relevant Transmission System and the removal of pipelines, electric lines, other plant and meters (as appropriate) following disconnection; and
 - f) the methods by which and principles on which any charges of the types referred to in this paragraph 3 shall be calculated if any person requests that an offer be made to him on the basis described in paragraph 3(b) of Condition 14.
4. Connection charges for those items referred to in paragraph 3 shall be set at a level which will enable the Licensee to recover:
- a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the Licensee's Relevant Transmission System or the provision and installation, maintenance and repair or (as the case may be) removal following disconnection of any pipelines, electric lines, other plant or meters (as appropriate); and
 - b) a reasonable rate of return on the capital represented by such costs.

Seven-year planning statements

5. The Licensee shall as soon as practicable and in any event within 28 days after the Effective Date of this licence prepare statements (separately in relation to the Licensee's water Transmission System and electricity Transmission System) in a form approved by the DOE showing in respect of each of the seven succeeding financial years:
- a) capacity, forecast flows and loading on each part of the Licensee's Relevant Transmission System and fault levels for each electricity transmission node;
 - b) the Licensee's plans for capital expenditure necessary to ensure the Licensee's Relevant Transmission System meets security standards, standards of performance and future demands; and
 - c) a quantification of the capital expenditure plans under (b) above with particular reference to the cost of major schemes or projects,

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together with:

- d) a commentary explaining material differences between the capital expenditure undertaken in the previous financial year compared to capital expenditure envisaged for that year in such statement prepared in earlier years;
 - e) such further information as shall be reasonably necessary to enable any person seeking use of system to identify and evaluate the opportunities available when connecting to and making use of such system; and
 - f) a commentary prepared by the Licensee indicating the Licensee's views as to those parts of the Licensee's Relevant Transmission System most suited to new connections and transport of further quantities of water and electricity; and
 - g) any other information specified by the DOE from time to time.
6. The Licensee shall include in every statement given or sent under paragraph 5 above the information required by that paragraph except that the Licensee may with the prior consent of the DOE omit from any such statement any details as to the capacity, flows, loading or other information, disclosure of which would, in the view of the DOE, seriously and prejudicially affect the commercial interests of the Licensee or any third party.

Updating and provision of statements

- 7. The Licensee may periodically revise the information set out in and, with the approval of the DOE, alter the form of each statement prepared in accordance with paragraphs 1 and 5 and shall, at least once in every year this licence is in force, revise such statements in order that the information set out in each statements shall continue to be accurate in all material respects.
- 8. The Licensee shall send a copy of each statement prepared in accordance with paragraphs 1 and 5, and of each revision of such statement in accordance with paragraph 7, to the DOE.
- 9. The Licensee shall give or send a copy of each statement prepared in accordance with paragraphs 1 and 5, or (as the case may be) of the latest revision of such statement in accordance with paragraph 7, to any person who requests a copy of such statement or statements.
- 10. The Licensee may make a charge for each statement given or sent pursuant to paragraph 9 of an amount reflecting the Licensee's reasonable costs of providing such statement which shall not exceed the maximum amount specified in directions issued by the DOE for the purposes of this Condition.

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Condition 16 – Demand forecasts and customer research

1. The licensee shall cooperate with Licensed Operators in researching the demand for water and electricity, including:
 - a) the characteristics of the demand for water and electricity of different classes of customers, including:
 - i) the relationship between the maximum demand of such customers and the maximum demand of customers as a whole;
 - ii) the factors affecting the growth in demand of such customers;
 - iii) the profile of demand of such customers over the course of a day and over the course of a year;
 - iv) the response of the demand of such customers to such factors as temperature, humidity, daylight hours; and
 - v) the response of the demand of such customers to changes in the price of water and electricity; and
 - b) the factors that affect the growth of demand as a whole, including:
 - i) economic and demographic trends;
 - ii) industrial policy;
 - iii) social policy; and
 - iv) changes in land use.
2. Where the licensee is required, as a condition of its licence or of the transmission or distribution codes, to make a forecast of the demand for water and/or electricity, it shall use its best endeavours to ensure that such forecast is accurate and unbiased.
3. When requested by the DOE, the licensee shall report on the results of its research into the items referred to in paragraph (1) of this Condition.

Condition 17 – Non-discrimination

1. In the provision of use of system or in offering terms for the carrying out of works for the purpose of connection to the Licensee's Relevant Transmission System, the Licensee shall not unduly discriminate as between any persons or class or classes of persons.
2. Without prejudice to paragraph 1 and subject to paragraph 3, the Licensee shall not make charges for provision of use of system to any Licensed Operator or class or classes of Licensed Operator which differ in respect of any item separately identified in the relevant statement referred to at paragraph 1 of Condition 15 from those for provision of similar items under use of system to any other Licensed Operator or class or classes of Licensed Operator except in so far as such differences reasonably reflect differences in the costs associated with such provision.

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3. Notwithstanding paragraph 2, the Licensee shall not make use of system charges in respect of any item or charge separately identified in the relevant statement referred to at paragraph 1 of Condition 15 on any Licensed Operator whose contract does not provide for him to receive the service to which such item of charge refers.

Condition 18 – Economic purchase of Ancillary Services

1. The Licensee as operator of the Licensee's Transmission Systems shall contract for the provision of such quantities and types of Ancillary Services at any time available as may be appropriate to enable the Licensee to discharge its obligations under the Law and this Part 3.
2. In contracting for the provision of Ancillary Services pursuant to paragraph 1, the Licensee shall purchase or otherwise acquire Ancillary Services from the most economical sources available to it having regard to the quantity, nature and point of delivery of the Ancillary Services required to enable discharge of its obligations under the Regulatory Decree and this Part 3 and to the diversity, number and reliability of such Ancillary Services at that time available for purchase or other acquisition.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of Ancillary Services under any contract entered into pursuant to paragraph 1.
4. The Licensee shall cooperate with the Abu Dhabi Water and Electricity Company in ensuring that all appropriate Ancillary Services are obtained and, in contracting for the provision of Ancillary Services, take account of Ancillary Services which the Abu Dhabi Water and Electricity Company has contracted for the provision of.

Condition 19 – Security standards and quality of service

1. The Licensee shall, as soon as practicable after the Effective Date of this licence and in any event not later than such date as the DOE shall specify in directions issued to the Licensee for the purposes of this Condition and from time to time thereafter prepare security standards for each of the Licensee's Transmission Systems and the Licensee shall send the security standards to the DOE for its approval.
2. The Licensee shall:
 - a) plan and develop the Licensee's Relevant Transmission System in accordance with the security standards prepared pursuant to paragraph 1 as appropriate to the purpose under consideration, together with the appropriate Transmission Code and or such other standard of planning as the Licensee may, following consultation (where appropriate) with any Licensed Operator liable to be materially affected thereby and with the approval of the DOE, adopt from time to time; and
 - b) operate and maintain the Licensee's Relevant Transmission System in accordance with the security standards prepared pursuant to paragraph 1 and

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the appropriate Transmission Code or such other standard of operation as the Licensee may, following consultation (where appropriate) with any Licensed Operator liable to be materially affected thereby and with the approval of the DOE, adopt from time to time.

3. The Licensee shall within 3 months after the Effective Date of this licence draw up and submit to the DOE for its approval a statement (separately in respect of its electricity Transmission System and water Transmission System) setting out criteria by which the performance of the Licensee in maintaining Transmission System security and availability and quality of service may be measured.
4. The Licensee shall within 2 months after the end of each financial year submit to the DOE a report (separately in respect of its electricity Transmission System and water Transmission System) providing details of the performance of the Licensee during the previous financial year against the criteria referred to in paragraph 3.
5. The DOE may (following consultation with the Licensee and, where appropriate, any relevant Licensed Operator) issue directions relieving the Licensee of its obligations under paragraph 1 in respect of such parts of the Licensee's Relevant Transmission System and to such extent as may be specified in the directions.

Condition 20 – Metering and Data Exchange Code

1. The Licensee shall in consultation with Licensed Operators prepare and at all times have in force and shall implement and (subject to paragraph 10 of this Condition) comply with a Metering and Data Exchange Code:
 - a) covering all material technical aspects relating to metering and making express provision as to the matters referred to in paragraph 5 below; and
 - b) relating to the establishment, maintenance, operation and development of a system for the provision of information to allow the settlement of payments due to and from Licensed Operators in respect of sales and purchases of water and electricity; and
 - c) which is designed so as:
 - i) to permit the development, maintenance and operation of efficient, co-ordinated and economical systems for the generation and transmission of electricity and the desalination and transmission of water; and
 - ii) subject to paragraph (i), to promote the security and efficiency of the water and electricity transmission and distribution systems of the Emirate of Abu Dhabi as a whole.
2. The Metering and Data Exchange Code in force at the Effective Date of this licence shall be sent to the DOE for its approval. Thereafter the Licensee shall (in consultation with Licensed Operators) periodically review (including upon the request

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of the DOE) the Code and its implementation. Following any such review, the Licensee shall send to the DOE:

- a) a report on the outcome of such review; and
 - b) any proposed revisions to the Metering and Data Exchange Code from time to time as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in subparagraph (b) of paragraph 1; and
 - c) any written representations or objections from Licensed Operators (including any proposals by such operators for modifications to the Metering and Data Exchange Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.
3. Revisions to the Metering and Data Exchange Code proposed by the Licensee and sent to the DOE pursuant to paragraph 2 shall require to be approved by the DOE.
 4. Having regard to any written representations or objections referred to in subparagraph (c) of paragraph 2, and following such further consultation (if any) as the DOE may consider appropriate, the DOE may issue directions requiring the Licensee to revise a the Metering and Data Exchange Code in such manner as may be specified in the directions, and the Licensee shall forthwith comply with any such directions.
 5. The Metering and Data Exchange Code shall include:
 - a) conditions specifying the technical, design and operational criteria to be complied with by the Licensee and any other Licensed Operator in the installation of metering equipment;
 - b) conditions specifying the accuracy and calibration requirements for meter installations;
 - c) conditions regarding the inspection, testing and maintenance of meter installations;
 - d) conditions regarding the reading of meter installations;
 - e) conditions regarding the type of information that shall be collected for settlement purposes;
 - f) conditions regarding the supply of data to Licensed Operators for settlement purposes; and
 - g) conditions regarding the development, maintenance, and operation of the system referred to in paragraph 1 (b).
 6. The Licensee shall give or send a copy of the Metering and Data Exchange Code (as from time to time revised) to the DOE.
 7. The Licensee shall (subject to paragraph 8) give or send a copy of the Metering and Data Exchange Code (as from time to time revised) to any person requesting the same.

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8. The Licensee may make a charge for any copy of the Metering and Data Exchange Code (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued by the DOE.
9. In preparing, implementing and complying with the Metering and Data Exchange Code, the Licensee shall not unduly discriminate against or unduly prefer:
 - a) any one or any group of persons; or
 - b) the Licensee in the conduct of any business other than the Electricity Transmission Business and the Water Transmission Business,
 in favour of or as against any one other or any other group of persons.
10. The DOE may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with the Metering and Data Exchange Code in respect of such parts of the Licensee's Transmission Systems and/or to such extent as may be specified in the directions.
11. The Licensee shall keep and maintain such records concerning its implementation of and compliance with the Metering and Data Exchange Code as are in accordance with such guidelines as the DOE shall from time to time have given to the Licensee and are, in the opinion of the DOE, sufficient to enable the DOE to assess whether the Licensee is performing the obligation imposed upon it under paragraph 9 and the Licensee shall furnish to the DOE such records (or such of these as the DOE may require) in such manner and at such times as the DOE may require.

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Part 4 – Despatch conditions

Condition 21 – Part 4 conditions

1. The Conditions in this Part 4 shall apply to the Licensed Activities forming the Despatch Business of the Licensee.

Condition 22 – Central scheduling and despatch

Central despatch

1. The Licensee shall schedule and issue direct instructions for the despatch in accordance with the scheduling system, of:
 - a) all available:
 - i) generation units of each licensed generation operator;
 - ii) desalination units of each licensed desalination operator;
 - iii) storage facilities of each licensed water storage operator; and
 - iv) Potable Water Plant,
in the Emirate of Abu Dhabi which:
 - v) are required to be subject to such scheduling and despatch instructions under the terms of any licence granted under Article (82) of Law No (2); or
 - vi) are agreed by any such Licensed Operator to be subjected to such scheduling and despatch instructions.
2. Having regard to:
 - a) information provided to it by the Abu Dhabi Water and Electricity Company and Licensed Operators (including as to forecast levels of electricity and water demand and availability of generation, desalination and water storage capacity); and
 - b) the requirements of the approved Transmission Systems security standards referred to in paragraph 2 of Condition 18,
the Licensee shall undertake operational planning:
 - c) for the matching of generation, desalination and water storage output (including a reserve of generation to provide a security margin of generation availability) with forecast demand after taking into account in particular:
 - i) unavailability of generation units and/or desalination units and/or;
 - ii) constraints from time to time imposed by technical limitations on the total system or any part thereof; and

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- iii) electricity and/or water delivered to the local system from generation units and desalination sets, and sources of water not subject to central despatch; and
- d) consistently with paragraph (b) above, in accordance with each Transmission Code and subject to paragraph 2 of Condition 18, for the release of parts of the Licensee's Transmission Systems for maintenance, repair, extension or reinforcement.

Scheduling

3. The Licensee shall establish as part of each Transmission Code, and shall operate, a scheduling system for:
 - a) generation units;
 - b) desalination units; and
 - c) Potable Water Plant,
 which are subject to central despatch.
4. Taking account of the factors referred to in paragraph 5, the Licensee shall schedule and issue direct instructions for the despatch of such facilities as are at such times available to produce water and/or generate electricity:
 - a) taking into account the prices that are established in their agreements with the Abu Dhabi Water and Electricity Company for the delivery of water and/or the generation and delivery of electricity into the total system by them; and
 - b) as will in aggregate (and after taking account of water and electricity delivered to or from the total system from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of water sources and generation units) demand forecast taking account of information provided by the Abu Dhabi Water and Electricity Company and Licensed Operators, together with an appropriate margin of reserve.
5. The factors referred to in paragraph 4 include:
 - a) forecast demand (including transmission losses and water leakage);
 - b) economic and technical constraints from time to time imposed on the total system or any part or parts thereof;
 - c) the dynamic operating characteristics of available generation units, desalination units and water sources; and
 - d) other matters provided for in a Transmission Code.

Other

6. The Licensee shall provide to the DOE such information as the DOE shall request concerning the scheduling system or any aspect of its operation.

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7. In this Condition:

- a) **available** in relation to any generation unit, desalination unit, cogeneration unit or water source means such a facility which is both (a) available in accordance with a Transmission Code and (b) declared as available for the generation of electricity or desalination of water in accordance with Transmission Code, and **availability** shall be construed accordingly;
- b) **central despatch** means the process of scheduling and issuing direct instructions by the Licensee referred to in paragraph 1.
- c) **scheduling system** means a system identifying and prioritising despatch according to the relative economic cost of water and electricity from available generation units and desalination units to be delivered or transferred to the total system (subject to other system needs);
- d) **total system** means the Licensee's water and electricity Transmission Systems and the transmission or distribution systems of all Licensed Operators which are located in the Emirate of Abu Dhabi.

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Schedule – Charge restriction conditions

This Schedule 2 as amended shall come into effect for the period from 1 January 2018 to 31 December 2021 inclusive and shall continue in effect after such date until this Schedule has been amended in accordance with the applicable law then in force. This Schedule has been amended to give effect to the RC1 Final Proposals. Unless the context herein requires otherwise, for any periods prior to 1 January 2018, Schedule 2 as in effect during that period shall apply.

For the purposes of this Schedule, unless specified otherwise, each of the following terms defined in Part 1 of the Licence shall be interpreted to include both (i) the Licensee's activities in the Emirate of Abu Dhabi and the relevant transmission assets, and (ii) the Licensee's activities outside the Emirate of Abu Dhabi and the relevant transmission assets, in respect of water or electricity, as the case may be:

- a) Separate Business;
- b) Licensed Activities;
- c) Licensee's Transmission Systems;
- d) Electricity Transmission Business; and
- e) Water Transmission Business.

Basic formulae – electricity system revenue

1. The Licensee shall in setting its charges for the provision of Electricity System Transmission Services use its best endeavours to secure that in any Relevant Year the Regulated Electricity System Revenue shall not exceed the maximum allowed electricity system revenue calculated according to the following formula:

$$MRP_t = a_{pt} + (b_{pt} \times QUp_t) + LP_t + AP_t + QP_t - KP_t$$

where:

MRP_t means the maximum allowed electricity system revenue relating to charges for Electricity System Transmission Services in Relevant Year t ;

a_{pt} as defined in paragraph 2 below;

b_{pt} as defined in paragraph 2 below;

QUp_t means the aggregate quantity of electricity units transmitted (expressed in kilowatt-hours) through the Licensee's electricity Transmission System in Relevant Year t (i) metered (whether or not in compliance with the Metering and Data Exchange Code) at exit points and (ii) estimated (non-metered) on leaving the Licensee's electricity Transmission System;

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LP_t means amounts due in respect of the Licensee fees to the DOE, pursuant to Condition 8, in Relevant Year t ;

AP_t means the aggregate of all amounts due (save any amounts due in respect of damages, claims, late payments or events of default) measured on an accruals basis in respect of the purchase of Ancillary Services in Relevant Year t under any contracts entered into between the Licensee and providers of Ancillary Services pursuant to Condition 18, to the extent that the Licensee has demonstrated to the reasonable satisfaction of the DOE that such amounts are incurred in compliance with Condition 18;

QP_t means the amount of revenue (which can be positive or negative) in Relevant Year t for performance of the Licensee in Relevant Year $t-1$ or $t-2$, as the case may be, calculated according to the formula in paragraph 3 below; and

KP_t is the correction factor in Relevant Year t and shall be calculated in accordance with the following formula:

$$KP_t = (ARP_{t-1} - MRP_{t-1}) \times \left[1 + \left(\frac{i_t}{100} \right) \right]$$

where:

ARP_{t-1} means the Regulated Electricity System Revenue in Relevant Year $t-1$;

MRP_{t-1} means the maximum allowed electricity system revenue relating to Electricity System Transmission Services in Relevant Year $t-1$;

i_t means that interest rate in Relevant Year t which is equal to, where KP_t (taking no account of i for this purpose) has a positive value and ARP_{t-1} exceeds MRP_{t-1} by more than 2 percent, the Average Specified Rate plus 3 or, where KP_t (taking no account of i for this purpose) has a negative value, or ARP_{t-1} does not exceed MRP_{t-1} by more than 2 percent, the Average Specified Rate;

but where in the first Relevant Year the value of KP_t shall be equal to KP_t as calculated from the relevant values for the calendar year 2017 in accordance with the Schedule to the previous licence issued to the Licensee.

2. Values of the terms a_{pt} and b_{pt} shall be calculated from the following formulae:

a) for the first Relevant Year

$$a_{pt} = a_p \times \left(\frac{2017CPI}{108.00} \right)$$

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$$b_{pt} = b_p \times \left(\frac{2017CPI}{108.00} \right)$$

b) for any subsequent Relevant Year:

$$a_{pt} = a_{pt-1} \times \left(1 + \frac{CPI - X}{100} \right)$$

$$b_{pt} = b_{pt-1} \times \left(1 + \frac{CPI - X}{100} \right)$$

where:

a_p means AED 3,174.95 million;

b_p means fills 0.6146 per kilowatt hour;

$2017CPI$ means the UAE Consumer Price Index for the calendar year 2017 as published in the Annual Economic Report, using the calendar year 2014 as the base year with an index of 100.00;

CPI_t is the percentage change in the UAE Consumer Price Index in the previous Relevant Year $t-1$ as published in the Annual Economic Report.

If, when complying with the requirements of paragraph 19 and 20 and/or paragraphs 42 and 43, the value of CPI for the previous Relevant Year is unavailable, the value of CPI_t shall be calculated using the inflation rate forecast for CPI for that previous Relevant Year in the most recent edition of the Annual Economic Report; and

X has a value of 3.0.

3. The value of QP_t (which can be positive or negative) in any subsequent Relevant Year t shall be derived from the following formula:

$$QP_t = QP1_t + QP2_t + QP3_t + QP4_t + QP5_t + QP6_t$$

where:

$QP1_t$ is the amount of revenue (which can be positive or negative) for timely submission of the Separate Business Accounts and the Price Control Return for Electricity Transmission Business and shall be calculated as described in paragraph 4 below and in accordance with any applicable Regulatory Accounting Guidelines and with any applicable Regulatory Instructions and Guidance;

$QP2_t$ is the amount of revenue (which can be positive or negative) for timely submission of the Annual Information Submission for Electricity Transmission Business and shall be calculated in line with the qualitative and quantitative parameters as described in paragraph 5

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below and in accordance with any applicable Regulatory Instructions and Guidance;

$QP3_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the Availability and shall be calculated as described in paragraph 6 below and in accordance with any applicable Regulatory Instructions and Guidance;

$QP4_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the Energy Lost or Unsupplied Energy and shall be calculated as described in paragraph 7 below and in accordance with any applicable Regulatory Instructions and Guidance;

$QP5_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the electricity interface metering and shall be calculated as described in paragraph 8 below and in accordance with any applicable Regulatory Instructions and Guidance; and

$QP6_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the System Despatch Costs and shall be calculated as described in paragraph 9 below and in accordance with any applicable Regulatory Instructions and Guidance.

4. The value of $QP1_t$ in a Relevant Year t in relation to the submission by the Licensee to the DOE of the Separate Business Accounts and the Price Control Return for the Electricity Transmission Business for the Relevant Year $t-2$ due to be submitted to the DOE in the Relevant Year $t-1$ shall be calculated as follows:

- a) for the first Relevant Year, the value of $QP1_t$ shall be equal to zero, unless the DOE directs otherwise in which case the value of $QP1_t$ shall be equal to:
 - i) minus AED 3,943,000 times (A) the number of months by which the submission to the DOE of the Separate Business Accounts and the Price Control Return for the Relevant Year $t-2$ is delayed beyond 30 April of the Relevant Year $t-1$ times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 31 October of the Relevant Year $t-1$, the number of months of delay shall be capped at six months for the purpose of calculation of $QP1_t$; or
 - ii) six times (A) AED 3,943,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Separate Business Accounts and the Price Control Return for the Relevant Year $t-2$ to the DOE is made on or before 30 April of the Relevant Year $t-1$; and
- b) for any subsequent Relevant Year, the value of $QP1_t$ shall be equal to:
 - i) minus AED 2,977,000 times (A) the number of months by which the submission to the DOE of the Separate Business Accounts and the

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- Price Control Return for the Relevant Year $t-2$ is delayed beyond 30 April of the Relevant Year $t-1$ times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 31 October of the Relevant Year $t-1$, the number of months of delay shall be capped at six months for the purpose of calculation of $QP1_t$; or
- ii) six times (A) AED 2,977,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Separate Business Accounts and the Price Control Return for the Relevant Year $t-2$ to the DOE is made on or before 30 April of the Relevant Year $t-1$.
5. The value of $QP2_t$ in a Relevant Year t in relation to the submission by the Licensee to the DOE of the Annual Information Submission for the Electricity Transmission Business in the Relevant Year $t-2$ shall be calculated as follows:
- a) for the first and second Relevant Years, the value of $QP2_t$ shall be equal to:
- i) minus AED 3,943,000 times (A) the number of months by which the submission to the DOE of the Annual Information Submission for the Relevant Year $t-2$ is delayed beyond 31 October of the Relevant Year $t-2$ times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 30 April of the Relevant Year $t-1$, the number of months of delay shall be capped at six months for the purpose of calculation of $QP2_t$; or
- ii) six times (A) AED 3,943,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Annual Information Submission for the Relevant Year $t-2$ to the DOE is made on or before 31 October of the Relevant Year $t-2$; and
- b) for any subsequent Relevant Year, the value of $QP2_t$ shall be equal to:
- i) minus AED 2,977,000 times (A) the number of months by which the submission to the DOE of the Annual Information Submission for the Relevant Year $t-2$ is delayed beyond 31 October of the Relevant Year $t-2$ times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 30 April of the Relevant Year $t-1$, the number of months of delay shall be capped at six months for the purpose of calculation of $QP2_t$; or
- ii) six times (A) AED 2,977,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Annual Information Submission for the Relevant Year $t-2$ to the DOE is made on or before 31 October of the Relevant Year $t-2$.
6. The value of $QP3_t$ in a Relevant Year t in relation to the Licensee's performance on the Availability for the Electricity Transmission Business for the Relevant Year $t-2$ shall be calculated in AED as follows:
- a) for the first and second Relevant Years, the value of $QP3_t$ shall be equal to:

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$$QP3_t = QA \times \left(\frac{AA_t - TA_t}{TA_t} \right) \times 100$$

where:

QA means AED 11,828,000;

TA_t means 97.5% if AA_t is less than 97.5%; provided that (i) if AA_t is greater than 98.5%, then the value of QP3_t shall be equal to 0.5% of MRP_t – AP_t – QP_t, or (ii) if AA_t is equal to or greater than 97.5% and is equal to or less than 98.5%, then the value of QP3_t shall be zero; and

AA_t means the Availability experienced on the Licensee's electricity Transmission System in the Relevant Year *t-2*; and.

b) for any subsequent Relevant Years, the value of QP3_t shall be zero.

7. The value of QP4_t in a Relevant Year *t* in relation to the Licensee's performance on the Energy Lost or Unsupplied Energy for the Electricity Transmission Business in the Emirate of Abu Dhabi for the Relevant Year *t-2* shall be calculated in AED as follows:

a) for the first and second Relevant Years, the value of QP4_t shall be equal to:

$$QP4_t = QEL \times \left(\frac{TEL_t - AEL_t}{TEL_t} \right) \times 100$$

where:

QEL means AED 1,183,000;

TEL_t means 0.00025158% of the value of QU_{pt} as defined in paragraph 1 for the Relevant Year *t-2* in relation to the aggregate quantity of electricity units transmitted through the Licensee's Transmission System in the Emirate of Abu Dhabi only metered (whether or not in compliance with the Metering and Data Exchange Code) at exit points on leaving the electricity Transmission System; and

AEL_t means the Energy Lost experienced on the Licensee's electricity Transmission System in the Emirate of Abu Dhabi in the Relevant Year *t-2*; and

b) for any subsequent Relevant Year, the value of QP4_t shall be equal to:

i) if AEL_t is below 100,000 kilowatt-hours per year, then the value of QP4_t shall be equal to zero.

ii) if AEL_t is above 100,000 kilowatt-hours per year, then the value of QP4_t shall be equal to:

$$QP4_t = -VOLL \times AEL_t$$

where:

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VOLL means the value of lost load, equal to 28 AED/kWh; and
AEL_t means the Unsupplied Energy experienced on the Licensee's electricity Transmission System in the Emirate of Abu Dhabi in the Relevant Year *t-2*.

iii) if *AEL_t* is zero, then the value of *QP4_t* shall be equal to AED 17,861,000:

8. The value of *QP5_t* in a Relevant Year *t* in relation to the Licensee's performance on the electricity interface metering for the Relevant Year *t-2* shall be calculated as follows:

$$QP5_t = QI \times (AIM_{pt} - TIM) \times 100$$

provided that for the third Relevant Year and any subsequent Relevant Year *t*, if *AIM_{pt}* is equal to or greater than 0.95 or equal to or lower than 0.96, then the value of *QP5_t* shall be equal to zero;

where:

QI means (a) AED 2,366,000 for calculation of *QP5_t* for the first and second Relevant Years, and (b) AED 4,465,000 for calculation of *QP5_t* for any subsequent Relevant Year;

TIM means (a) 0.90 for the calculation of *QP5_t* for the first and second Relevant Years; and (b) means (i) 0.95 if *AIM_{pt}* is lower than 0.95 or (ii) 0.96 if *AIM_{pt}* is greater than 0.96, for the calculation of *QP5_t* for any subsequent Relevant Years: and

AIM_{pt} means the electricity interface metering for the Relevant Year *t-2* calculated as follows:

$$AIM_{pt} = \left(\frac{MU_{pt}}{TU_{pt}} \right)$$

where:

MU_{Pt} means the aggregate quantity of electricity units (expressed in kilowatt-hours) transmitted by the Licensee into the electricity distribution systems of the licensed distribution operators and the systems of the customers of the licensed distribution operators directly connected to the Licensee's electricity Transmission System in the Relevant Year *t-2* as metered in compliance with the Metering and Data Exchange Code at the exit points on leaving the Licensee's electricity Transmission System; and

TU_{Pt} the aggregate quantity of electricity units (expressed in kilowatt-hours) supplied and charged by the Abu Dhabi Water and Electricity Company to the licensed distribution operators in the Relevant Year $t-2$.

9. The value of $QP6_t$ in a Relevant Year t in relation to the Licensee's performance on the System Despatch Cost for the Relevant Year $t-2$ shall be calculated as follows:
- for the first, second and third Relevant Years, the value of $QP6_t$ shall be zero; and
 - for any subsequent Relevant Years, the value of $QP6_t$ shall be calculated in AED as follows:

$$QP6_t = QDC \times \left(\frac{ADC_t - TDC_t}{TDC_t} \right) \times 100$$

where:

QDC means AED 893,000;

TDC_t means the actual System Despatch Cost deviation for the Relevant Year $t-3$; and

ADC_t means the actual System Despatch Cost deviation for the Relevant Year $t-2$, calculated as follows:

$$ADC_t = \left(\frac{ASC_t - UCC_t}{ASC_t} \right) \times 100$$

where:

ASC_t means the sum, for every day i of Relevant Year $t-2$, of the actual System Despatch Cost; and

UCC_t means the sum, for every day i of Relevant Year $t-2$, of the unit commitment model back-cast System Despatch Cost, where the unit commitment model is run after the end of day i including the following parameters: (i) gross demand, outages, interchange flows, commissioning activity outturn conditions for day i ; (ii) all normal, non-manual constraints for day i ; (iii) accurate standing data for day i (operating levels, water and electricity transmission capabilities, heat rates, start-up costs, variable operation and maintenance costs and technical limits that match power and water purchase agreements, fuel prices and maximum and minimum volume data that match the contracted

values), (iv) accurate dynamic data for day i (initial unit gross demand, initial storage tank levels, target storage tank levels, declared capacities and availabilities match those listed in daily availability report document for the day), (v) penalty factors set to 1; (vi) and start-up costs deducted of the free start-up allowances; for all of the above, in the respective power and/or water purchase agreements, as the case may be.

10. For the purpose of paragraphs 4 and 5 above, the number of months shall be calculated assuming the date of submission to the DOE as the last day of the month in which such submission is received by the DOE.
11. In any case, (a) the absolute value of any of the terms $QP1_t$, $QP2$, $QP3$, $QP4_t$, $QP5_t$ or $QP6_t$ for the Relevant Year t shall not exceed 0.50 percent of $MRP_t - AP_t - QP_t - LP_t$ for the Relevant Year t , and (b) for the third and any subsequent Relevant Years, the absolute value of term QP_t for the Relevant Year t shall not exceed 4.0 percent of $MRP_t - AP_t - QP_t - LP_t$ for the Relevant Year t .
12. The Licensee shall submit a written proposal for consideration for a new incentive scheme in relation to incentivising more accurate capex planning and implementation for new capex projects. The proposal shall include details of proposed incentives, penalties, timeline, methodology, expected sector and societal benefits and proposed licence modification wording.

Restriction of electricity system transmission charges – adjustments

13. If, in respect of any Relevant Year, regulated electricity system transmission service revenue exceeds the maximum allowed electricity system revenue by more than 3 percent the Licensee shall furnish an explanation to the DOE and in the next following Relevant Year the Licensee shall not affect any increase in charges for the provision of Electricity System Transmission Services the revenue from which is regulated under this Schedule unless it has demonstrated to the reasonable satisfaction of the DOE that the revenue collected from the increase in charges is not likely to exceed the maximum allowed electricity system revenue in that next following Relevant Year.
14. If, in respect of any 2 successive Relevant Years, the sum of the amounts by which the regulated electricity system transmission service revenue has exceeded the maximum allowed electricity system revenue is more than 4 percent of the maximum allowed electricity system revenue for the second of these Relevant Years, then in the next following Relevant Year the Licensee shall, if required by the DOE, adjust its charges for the provision of Electricity System Transmission Services so that the revenue collected from these charges would not be likely, in the judgement of the

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DOE, to exceed the maximum allowed electricity system revenue in that next following Relevant Year.

15. If, in respect of any 2 successive Relevant Years, the Regulated Electricity System Revenue collected is less than 90 percent of the maximum allowed electricity system revenue, the DOE, after consultation with the Licensee, may direct that in calculating KP_t in respect of the next following Relevant Year, there should be substituted for ARP_{t-1} in the formula set out in paragraph 1 such figure as the DOE may specify being not less than ARP_{t-1} and not more than 0.9 times MRP_{t-1} .

Information to be provided to the DOE in connection with the electricity system charge restriction conditions

16. Where any change is intended to be made in charges for Electricity System Transmission Services, the Licensee shall, 1 month prior to the date of publication of such changes, provide the DOE with:
 - a) a written forecast of the Regulated Electricity System Revenue expected in the Relevant Year t in which such change is to take effect and in respect of the next following Relevant Year $t+1$; and
 - b) a written estimate of the maximum allowed electricity system revenue, together with its components, in respect of the Relevant Year $t-1$ immediately preceding the Relevant Year in which the change is to take effect unless a statement complying with paragraph 17 in respect of Relevant Year $t-1$ has been furnished by the Licensee to the DOE before the publication of the proposed change.
17. If within 3 months of the commencement of any Relevant Year t the Licensee has not made any such change in its charges as referred to in paragraph 16, the Licensee shall provide the DOE with a written forecast of the maximum allowed electricity system revenue together with its components in respect of the Relevant Year t .
18. Any forecast or estimate provided in accordance with paragraphs 16 or 17 shall be accompanied by such information as regards the assumptions underlying the forecast or any estimate as may be necessary, in the judgement of the DOE, to enable the DOE to be satisfied that the forecast or estimate has been properly prepared on a consistent basis.
19. Not later than 6 weeks after the commencement of each Relevant Year t , the Licensee shall send the DOE a statement as to:
 - a) whether or not the provisions of paragraphs 13 to 15 are likely to be applicable in consequence of revenues collected in the preceding Relevant Year $t-1$ or the 2 preceding Relevant Years ($t-1$ and $t-2$); and
 - b) its best estimate as to the relevant correction factor KP_t calculated in accordance with the formula set out in paragraph 1 to be applied in

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calculating the maximum allowed electricity system revenue for Electricity System Transmission Services in Relevant Year t .

20. Not later than 4 months after the end of each Relevant Year t the Licensee shall send to the DOE a written statement in respect of that Relevant Year showing the specified items referred to in paragraph 23. Each such statement shall be referred to as the Price Control Return and included in the Separate Business Accounts for electricity business in accordance with any applicable Regulatory Accounting Guidelines.
21. The Price Control Return shall be:
 - a) accompanied by a report from the Auditors that in their opinion such Price Control Return fairly represents each of the specified items in accordance with the requirement of the electricity system charge restriction conditions and that the amounts shown in respect of each of the specified items are in accordance with the accounting records which have been maintained in accordance with Condition 8 and any applicable Regulatory Accounting Guidelines and any applicable Regulatory Instructions and Guidance;
 - b) certified by a director of the Licensee on behalf of the Licensee that, to the best of his or her knowledge, information and belief after having made all reasonable enquires, there is no amount included in its calculations under paragraph 23 which represents other than bona fide considerations for the provision of Electricity System Transmission Services, the revenue from which is regulated under this Schedule;
 - c) accompanied by a report from the Licensee demonstrating the extent to which costs associated with the purchase of Ancillary Services have been incurred in compliance with Condition 18 of the Licence; and
 - d) accompanied by the reports from the Technical Assessor in relation to the previous Relevant Year as required by paragraph 22.a) and in accordance with any applicable Regulatory Instructions and Guidance.
22. For each Relevant Year, the Licensee shall procure the following reports from the Technical Assessor, in accordance with any applicable Regulatory Instructions and Guidance:
 - a) separately, in relation to the value of each of QUp_t , Availability, AEL_t , AIM_{pt} , ADC_t , and Reputational KPIs (except for the financial ratios, which the Licensee shall report as part of the Separate Business Accounts) for the Electricity Transmission Business for the Relevant Year (and, where relevant, for the preceding Relevant Year), a report to be submitted to the DOE with the Price Control Return for the Electricity Transmission Business in accordance with any applicable Regulatory Accounting Guidelines and any applicable Regulatory Instructions and Guidance:

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- i) stating the methodologies and assumptions, and the systems in place to collect and record accurately the information, used in measuring or estimating each of these values;
 - ii) stating the Technical Assessor's opinion on the reasonableness of the above methodologies, assumptions and systems and on the results including, if relevant, any exclusion for the effect of any Exceptional Events;
 - iii) confirming that each of these values is reasonably accurate and, if relevant, identifying and confirming the exclusions made for the effect of any Exceptional Events;
 - iv) identifying areas of improvement in the above methodologies, assumptions and systems for the next Relevant Year;
 - v) confirming that areas of improvement identified in the previous Relevant Year have been made by the Licensee;
 - vi) for the Relevant Year preceding the Relevant Year when the definitions or methods to measure or calculate a parameter change in accordance with this Schedule, reporting these values using both the current and revised definitions or methods; and
 - vii) such other items or information as may in the future be specified in directions issued by the DOE for the purposes of this Schedule; and
- b) in relation to the Annual Information Submission for Electricity Transmission Business for the Relevant Year, a report to be submitted to the DOE with such Annual Information Submission and in accordance with any applicable Regulatory Instructions and Guidance:
- i) stating the methodologies, assumptions and systems used in collecting, recording, determining, measuring or estimating the data contained in the Annual Information Submission;
 - ii) stating the Technical Assessor's opinion on the reasonableness of the above methodologies, assumptions and systems and on the results;
 - iii) confirming that the data contained in the Annual Information Submission is reasonably accurate;
 - iv) identifying areas of improvement in the above methodologies, assumptions and systems for the next Relevant Year;
 - v) confirming that improvements identified in the previous Relevant Year have been made by the Licensee; and
 - vi) such other items or information as may in the future be specified in directions issued by the DOE for the purposes of this Schedule.

23. The specified items to be shown in the Price Control Return in respect of the Licensee's activities, in accordance with any applicable Regulatory Accounting

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Guidelines and any applicable Regulatory Instructions and Guidance, shall be the following:

- a) The Regulated Electricity System Revenue in Relevant Year t ;
- b) the value of QUp_t as defined in paragraph 1;
- c) the value of AP_t as defined in paragraph 1;
- d) the values of i_t and CPI_t as defined in paragraphs 1 and 2, respectively;
- e) the values of a_{pt} and b_{pt} as defined in paragraph 2;
- f) the values of $QP1_t$, $QP2_t$, $QP3_t$, $QP4_t$, $QP5_t$, $QP6_t$, and QP_t as described in paragraphs 3 to 11;
- g) the value of KP_t as defined in paragraph 1;
- h) any information required by the DOE to calculate any adjustment to specific operating cost allowance in the RC1 Final Proposals for the Relevant Year t , including but not limited to the following:
 - i) the total number of the Licensee's full-time employees and the number of Licensee's full-time UAE National employees in the Electricity Transmission Business at the end of the Relevant Year t ;
 - ii) the total number of the Licensee's full-time UAE National employees in the Electricity Transmission Business who were hired by the Licensee during the Relevant Year t to work in the specified areas (value added tax, nuclear, enterprise risk management, asset strategy and performance, operational planning and despatch, electricity control centre and demand forecasting) for which the specific allowances are provided in the RC1;
 - iii) the total number of external, paid training courses attended by each UAE National employee (if one or more) in the Relevant Year t , and, the total cost of such training courses for the Electricity Transmission Business in the Relevant Year t ;
 - iv) separately, the total water and electricity costs charged to the Licensee for the Electricity Transmission Business and respective tariffs applied (fills/Kwh and AED/m³) during the Relevant Year t ; and
 - v) any other items as specified by the DOE from time to time for this purpose; and
- i) such other items as may in the future be specified in directions issued by the DOE for the purposes of this Schedule.

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Basic formulae – water system revenue

24. The Licensee shall in setting its charges for the provision of Water System Transmission Services use its best endeavours to secure that in any Relevant Year the revenue recovered shall not exceed the maximum allowed water system revenue calculated according to the following formula:

$$MRW_t = a_{wt} + (b_{wt} \times QUW_t) + LW_t + QW_t - KW_t$$

where:

MRW_t means the maximum allowed water system revenue relating to charges for Water System Transmission Services in Relevant Year t ;

a_{wt} as defined in paragraph 25;

b_{wt} as defined in paragraph 25;

QUW_t means the aggregated quantity of water units transmitted (expressed in thousand imperial gallons) through the Licensee's water Transmission System in Relevant Year t (i) metered (whether or not in compliance with the Metering and Data Exchange Code) at exit points and (ii) estimated (non-metered) on leaving the Licensee's water Transmission System; and

LW_t means amounts due in respect of the Licensee fees to the DOE, pursuant to Condition 8, in Relevant Year t ;

QW_t means the amount of revenue (which can be positive or negative) in Relevant Year t for performance of the Licensee in Relevant Year $t-1$ or $t-2$, as the case may be, calculated according to the formula in paragraph 26 below; and

KW_t is the correction factor in Relevant Year t and shall be calculated in accordance with the following formula:

$$KW_t = (ARW_{t-1} - MRW_{t-1}) \times \left[1 + \left(\frac{i_t}{100} \right) \right]$$

where:

ARW_{t-1} means the Regulated Water System Revenue in Relevant Year $t-1$;

MRW_{t-1} means the maximum allowed water system revenue relating to Water System Transmission Services in Relevant Year $t-1$; and

i_t means that interest rate in Relevant Year t which is equal to, where KW_t (taking no account of i for this purpose) has a positive value and ARW_{t-1} exceeds MRW_{t-1} by more than 2 percent, the Average Specified Rate plus 3 or, where KW_t (taking no account of i for this

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purpose) has a negative value, or ARW_{t-1} does not exceed MRW_{t-1} by more than 2 percent, the Average Specified Rate;

but where in the first Relevant Year the value of KW_t shall be equal to KW_t as calculated from the relevant values for the calendar year 2017 in accordance with the Schedule to the previous licence issued to the Licensee.

25. Values of the terms a_{wt} , and b_{wt} shall be calculated from the following formulae:

a) for the first Relevant Year:

$$a_{wt} = a_w \times \left(\frac{2017CPI}{108.00} \right)$$

$$b_{wt} = b_w \times \left(\frac{2017CPI}{108.00} \right)$$

b) for any subsequent Relevant Year:

$$a_{wt} = a_{wt-1} \times \left(1 + \frac{CPI_t - X}{100} \right)$$

$$b_{wt} = b_{wt-1} \times \left(1 + \frac{CPI_t - X}{100} \right)$$

where:

a_w means AED 1,580.70 million;

b_w means AED 0.8874 per thousand imperial gallons per day;

$2017CPI$ as defined in paragraph 2;

CPI_t as defined in paragraph 2; and

X has a value of 0.0.

26. The value of QW_t (which can be positive or negative) in any subsequent Relevant Year t shall be derived from the following formula:

$$QW_t = QW1_t + QW2_t + QW3_t + QW4_t + QW5_t + QW6_t$$

where:

$QW1_t$ is the amount of revenue (which can be positive or negative) for timely submission of the Separate Business Accounts and the Price Control Return for Water Transmission Business and shall be calculated as described in paragraph 27 below and in accordance with any applicable Regulatory Accounting Guidelines and with any applicable Regulatory Instructions and Guidance;

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- $QW2_t$ is the amount of revenue (which can be positive or negative) for timely submission of the Annual Information Submission for Water Transmission Business and shall be calculated in line with the qualitative and quantitative parameters as described in paragraph 28 below and in accordance with any applicable Regulatory Instructions and Guidance;
- $QW3_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the quality of water and shall be calculated as described in paragraph 29 below and in accordance with any applicable Regulatory Instructions and Guidance;
- $QW4_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the Availability and shall be calculated as described in paragraph 30 below and in accordance with any applicable Regulatory Instructions and Guidance;
- $QW5_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance on the water interface metering and shall be calculated as described in paragraph 31 below and in accordance with any applicable Regulatory Instructions and Guidance; and
- $QW6_t$ is the amount of revenue (which can be positive or negative) for the Licensee's performance in relation to the security of water supply to customers and shall be calculated as described in paragraph 32 below and in accordance with any applicable Regulatory Instructions and Guidance;

27. The value of $QW1_t$ in a Relevant Year t in relation to the submission by the Licensee to the DOE of the Separate Business Accounts and the Price Control Return for the Water Transmission Business for the Relevant Year $t-2$ due to be submitted to the DOE in the Relevant Year $t-1$ shall be calculated as follows:

- a) for the first Relevant Year, the value of $QW1_t$ shall be equal to zero, unless the DOE directs otherwise in which case the value of $QW1_t$ shall be equal to:
- i) minus AED 2,247,000 times (A) the number of months by which the submission to the DOE of the Separate Business Accounts and the Price Control Return for the Relevant Year $t-2$ is delayed beyond 30 April of the Relevant Year $t-1$ times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 31 October of the Relevant Year $t-1$, the number of months of delay shall be capped at six months for the purpose of calculation of $QW1_t$; or
 - ii) six times (A) AED 2,247,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Separate Business Accounts

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and the Price Control Return for the Relevant Year t-2 to the DOE is made on or before 30 April of the Relevant Year t-1; and

- b) for any subsequent Relevant Year, the value of $QW1_t$ shall be equal to:
 - i) minus AED 1,550,000 times (A) the number of months by which the submission to the DOE of the Separate Business Accounts and the Price Control Return for the Relevant Year t-2 is delayed beyond 30 April of the Relevant Year t-1 times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 31 October of the Relevant Year t-1, the number of months of delay shall be capped at six months for the purpose of calculation of $QW1_t$; or
 - ii) six times (A) AED 1,550,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Separate Business Accounts and the Price Control Return for the Relevant Year t-2 to the DOE is made on or before 30 April of the Relevant Year t-1.

28. The value of $QW2_t$ in a Relevant Year t in relation to the submission by the Licensee to the DOE of the Annual Information Submission for the Water Transmission Business in the Relevant Year $t-2$ shall be calculated as follows:

- a) for the first and second Relevant Years, the value of $QW2_t$ shall be equal to zero, unless the DOE directs otherwise in which case the value of $QW2_t$ shall be equal to:
 - i) minus AED 2,247,000 times (A) the number of months by which the submission to the DOE of the Annual Information Submission for the Relevant Year t-2 is delayed beyond 31 October of the Relevant Year t-2 times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 30 April of the Relevant Year t-1, the number of months of delay shall be capped at six months for the purpose of calculation of $QW2_t$; or
 - ii) six times (A) AED 2,247,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Annual Information Submission for the Relevant Year t-2 to the DOE is made on or before 31 October of the Relevant Year t-2; and
- b) for any subsequent Relevant Year, the value of $QW2_t$ shall be equal to:
 - i) minus AED 1,550,000 times (A) the number of months by which the submission to the DOE of the Annual Information Submission for the Relevant Year t-2 is delayed beyond 31 October of the Relevant Year t-2 times (B) one plus the Technical Assessor Ratio; provided that if such submission is delayed beyond 30 April of the Relevant Year t-1, the number of months of delay shall be capped at six months for the purpose of calculation of $QW2_t$; or

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- ii) six times (A) AED 1,550,000 times (B) one minus the Technical Assessor Ratio, if the submission of the Annual Information Submission for the Relevant Year t-2 to the DOE is made on or before 31 October of the Relevant Year t-2.

29. The value of $QW3_t$ in a Relevant Year t in relation to the Licensee's performance on the quality of water in the Water Transmission Business for the Relevant Year $t-2$ shall be calculated in AED as follows:

$$QW3_t = QQ \times \left(\frac{WQPA_t - T}{5.00} \right) \times 100$$

provided that, if WQPA is greater than 4.60 and lower than 4.80, then the value of $QW3_t$ shall be equal to zero;

where:

QQ means AED 3,371,000 for the first and second Relevant Years, and 2,325,000 for any subsequent Relevant Years;

$WQPA_t$ means the Water Quality Performance Assessment Score for the Relevant Year t-2 as defined in the Water Quality Regulations and Annex D of the RC1 Final Proposals; and

T means (i) 4.60 if WQPA is equal to or lower than 4.60 or (ii) 4.80 if WQPA is equal to or greater than 4.80.

30. The value of $QW4_t$ in a Relevant Year t in relation to the Licensee's performance on the Availability for the Water Transmission Business for the Relevant Year $t-2$ shall be calculated in AED as follows:

- a) for the first and second Relevant Years, the value of $QW4_t$ shall be equal to:

$$QW4_t = QA \times \left(\frac{AA_t - TA_t}{TA_t} \right) \times 100$$

where:

QA means AED 6,742,000;

TA_t means 97% if AA_t is greater than 97%, or (ii) 96% if AA_t is lower than 96%, provided that if AA_t is equal to or greater than 96% and is equal to or lower than 97%, then the value of $QW4_t$ shall be equal to zero; and

AA_t means the Availability experienced on the Licensee's water Transmission System in the Relevant Year t-2; and

- b) for any subsequent Relevant Years, the value of $QW4_t$ shall be zero.

31. The value of $QW5_t$ in a Relevant Year t in relation to the Licensee's performance on the water interface metering for the Relevant Year t-2 shall be calculated as follows:

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$$QW5_t = QI \times (AIM_{wt} - TIM) \times 100$$

provided that, for third and subsequent Relevant Years, if AIE_t is equal to or greater than 0.90 or equal to or lower than 0.92, then the value of $QW5_t$ shall be equal to zero;

where:

QI means (a) AED 1,348,000 for the calculation of $QW5_t$ for the first and second Relevant Years, and (b) AED 2,325,000 for calculation of $QW5_t$ for any subsequent Relevant Year;

TIM means (a) 0.90 for the calculation of $QW5_t$ for the first and second Relevant Years; and (b) means (i) 0.90 if AIM_{pt} is lower than 0.90 or (ii) 0.92 if AIM_{pt} is greater than 0.92, for the calculation of $QW5_t$ for any subsequent Relevant Years; and

AIM_{wt} means the water interface metering for the Relevant Year $t-2$ calculated as follows:

$$AIM_{wt} = \left(\frac{MU_{wt}}{TU_{wt}} \right)$$

where:

MU_{wt} means the aggregate quantity of water units (expressed in thousand imperial gallons) transmitted by the Licensee into the water distribution systems of the licensed distribution operators in the Relevant Year $t-2$ as metered in compliance with the Metering and Data Exchange Code at the exit points on leaving the Licensee's water Transmission System; and

TU_{wt} means the aggregate quantity of water units (expressed in thousand imperial gallons) supplied and charged by Abu Dhabi Water and Electricity Company to the licensed distribution operators in the Relevant Year $t-2$;

32. The value of $QW6_t$ in a Relevant Year t in relation to the Licensee's performance on the security of water supply to customers for the Relevant Year $t-2$ shall be calculated as follows:

a) for the first and second Relevant Years, the value of $QW6_t$ shall be calculated as follows:

$$QW6_t = QS \times \left(\frac{TSI_{wt} - ASI_{wt}}{TSI_{wt}} \right) \times 100$$

where:

QS means AED 674,000;

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TSI_{wt} means the number of Water Supply Interruptions that occurred in the Relevant Year t-3; and

ASI_{wt} means the number of Water Supply Interruptions that occurred in the Relevant Year t-2; and

- b) for any subsequent Relevant Year, the value of $QW6_t$ shall be calculated as follows:

$$QW6_t = QS \times (TWSS_t - AWSS_t) \times 10,000$$

QS means AED 1,860,000;

$TWSS_t$ means 0.05%; and

$AWSS_t$ means the actual water security of supply in the Relevant Year t-2, and shall be calculated as follows:

$$AWSS_t = \left(\frac{TUW_{wt}}{TU_{wt}} \right) \times 100$$

where:

TUW_{wt} means the total unsupplied quantities of water (expressed in thousand imperial gallons) that, in the Relevant Year t-2, were committed to be despatched according to the potable water scheduling in the Water Transmission Code but were not despatched due to Water Supply Interruptions; and

TU_{wt} means the aggregate quantity of water units (expressed in thousand imperial gallons) supplied and charged by Abu Dhabi Water and Electricity Company to the licensed distribution operators in the Relevant Year t-2

33. For the purpose of paragraphs 26 and 27 above, the number of months shall be calculated assuming the date of submission to the DOE as the last day of the month in which such submission is received by the DOE.
34. In any case, (a) the absolute value of any of the terms $QW1_t$, $QW2_t$, $QW3_t$, $QW4_t$, $QW5_t$, or $QW6_t$ for the Relevant Year t shall not exceed 0.50 percent of $MRW_t - QW_t - LW_t$ for the Relevant Year t, and (b) for the third and any subsequent Relevant Years, the absolute value of term QW_t for the Relevant Year t shall not exceed 4.0 percent of $MRW_t - QW_t - LW_t$ for the Relevant Year t.
35. The Licensee shall submit a written proposal for consideration for a new incentive scheme in relation to incentivising more accurate capex planning and implementation for new capex projects. The proposal shall include details of proposed incentives, penalties, timeline, methodology, expected sector and societal benefits and proposed licence modification wording.

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Restriction of water system transmission charges – adjustments

36. If, in respect of any Relevant Year, Regulated Water System Revenue exceeds the maximum allowed water system revenue by more than 3 percent the Licensee shall furnish an explanation to the DOE and in the next following Relevant Year the Licensee shall not affect any increase in charges for the provision of Water System Transmission Services the revenue from which is regulated under this Schedule unless it has demonstrated to the reasonable satisfaction of the DOE that the revenue collected from the increase in charges is not likely to exceed the maximum allowed water system revenue in that next following Relevant Year.
37. If, in respect of any 2 successive Relevant Years, the sum of the amounts by which the Regulated Water System Revenue has exceeded the maximum allowed water system revenue is more than 4 percent of the maximum allowed water system revenue for the second of these Relevant Years, then in the next following Relevant Year the Licensee shall, if required by the DOE, adjust its charges for the provision of Water System Transmission Services so that the revenue collected from these charges would not be likely, in the judgement of the DOE, to exceed the maximum allowed water system revenue in that next following Relevant Year.
38. If, in respect of any 2 successive Relevant Years, the Regulated Water System Revenue collected is less than 90 percent of the maximum allowed water system revenue, the DOE, after consultation with the Licensee, may direct that in calculating KW_t in respect of the next following Relevant Year, there should be substituted for ARW_{t-1} in the formula set out in paragraph 24 such figure as the DOE may specify being not less than ARW_{t-1} and not more than 0.9 times MRW_{t-1} .

Information to be provided to the DOE in connection with the water system charge restriction conditions

39. Where any change is intended to be made in charges for Water System Transmission Services, the Licensee shall, 1 month prior to the date of publication of such changes, provide the DOE with:
 - a) a written forecast of the Regulated Water System Revenue expected in the Relevant Year t in which such change is to take effect and in respect of the next following Relevant Year $t+1$; and
 - b) a written estimate of the maximum allowed water system revenue, together with its components, in respect of the Relevant Year $t-1$ immediately preceding the Relevant Year in which the change is to take effect unless a statement complying with paragraph 40 in respect of Relevant Year $t-1$ has been furnished by the Licensee to the DOE before the publication of the proposed change.
40. If within 3 months of the commencement of any Relevant Year t the Licensee has not made any such change in its charges as referred to in paragraph 39, the Licensee

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shall provide the DOE with a written forecast of the maximum allowed water system revenue together with its components in respect of the Relevant Year t .

41. Any forecast or estimate provided in accordance with paragraphs 39 or 40 shall be accompanied by such information as regards the assumptions underlying the forecast or any estimate as may be necessary, in the judgement of the DOE, to enable the DOE to be satisfied that the forecast or estimate has been properly prepared on a consistent basis.
42. Not later than 6 weeks after the commencement of each Relevant Year t , the Licensee shall send the DOE a statement as to:
 - a) whether or not the provisions of paragraphs 36 to 38 are likely to be applicable in consequence of Regulated Water System Revenue collected in the preceding Relevant Year $t-1$ or the 2 preceding Relevant Years ($t-1$ and $t-2$); and
 - b) its best estimate as to the relevant correction factor KW_t calculated in accordance with the formula set out in paragraph 23 to be applied in calculating the maximum allowed water system revenue for Water System Transmission Services in Relevant Year t .
43. Not later than 4 months after the end of each Relevant Year t the Licensee shall send to the DOE a written statement in respect of that Relevant Year showing the specified items referred to in paragraph 45. Each such statement shall be referred to as the Price Control Return for the Water Transmission Business and included in the Separate Business Accounts for water in accordance with any applicable Regulatory Accounting Guidelines and any applicable Regulatory Instructions and Guidance.
44. The Price Control Return shall be:
 - a) accompanied by a report from the Auditors that in their opinion such Price Control Return fairly represents each of the specified items in accordance with the requirement of the water system charge restriction conditions and that the amounts shown in respect of each of the specified items are in accordance with the accounting records which have been maintained in accordance with Condition 8 and any applicable Regulatory Accounting Guidelines;
 - b) certified by a director of the Licensee on behalf of the Licensee that, to the best of his or her knowledge, information and belief after having made all reasonable enquires, there is no amount included in its calculations under paragraph 43 which represents other than bona fide considerations for the provision of Water System Transmission Services, the revenue from which is regulated under this Schedule; and
 - c) accompanied by the reports from the Technical Assessor in relation to the previous Relevant Year as required by paragraph 45.a) and in accordance with any applicable Regulatory Instructions and Guidance.

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45. For each Relevant Year, the Licensee shall procure the following reports from the Technical Assessor, in accordance with any applicable Regulatory Instructions and Guidance:

- a) separately, in relation to the value of each of QU_{wt} , $WQPA_t$ Availability, AIM_{wt} , ASI_{wt} , TSI_{wt} , TUW_{wt} , TU_{wt} , and Reputational KPIs (except for the financial ratios, which the Licensee shall report as part of the Separate Business Accounts) for the Water Transmission Business for the Relevant Year (and, where relevant, for the preceding Relevant Year), a report to be submitted to the DOE with the Price Control Return in accordance with any applicable Regulatory Accounting Guidelines and any applicable Regulatory Instructions and Guidance:
 - i) stating the methodologies and assumptions, and the systems in place to collect and record accurately the information, used in measuring or estimating each of these values;
 - ii) stating the Technical Assessor's opinion on the reasonableness of the above methodologies, assumptions and systems and on the results including, if relevant, any exclusion for the effect of any Exceptional Events;
 - iii) confirming that each of these values is reasonably accurate and, if relevant, identifying and confirming the exclusions made for the effect of any Exceptional Events;
 - iv) identifying areas of improvement in the above methodologies, assumptions and systems for the next Relevant Year;
 - v) confirming that areas of improvement identified in the previous Relevant Year have been made by the Licensee;
 - vi) for the Relevant Year preceding the Relevant Year when the definitions or methods to measure or calculate a parameter change in accordance with this Schedule, reporting these values using both the current and revised definitions or methods; and
 - vii) such other items or information as may in the future be specified in directions issued by the DOE for the purposes of this Schedule; and
- b) in relation to the Annual Information Submission for Water Transmission Business for the Relevant Year, a report to be submitted to the DOE with such Annual Information Submission in accordance with any applicable Regulatory Instructions and Guidance:
 - i) stating the methodologies, assumptions and systems used in collecting, recording, determining, measuring or estimating the data contained in the Annual Information Submission;
 - ii) stating the Technical Assessor's opinion on the reasonableness of the above methodologies, assumptions and systems and on the results;

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- iii) confirming that the data contained in the Annual Information Submission is reasonably accurate;
 - iv) identifying areas of improvement in the above methodologies, assumptions and systems for the next Relevant Year;
 - v) confirming that areas of improvement identified in the previous Relevant Year have been made by the Licensee; and
 - vi) such other items or information as may in the future be specified in directions issued by the DOE for the purposes of this Schedule.
46. The specified items to be shown in the Price Control Returns in respect of the Licensee's activities, in accordance with any applicable Regulatory Accounting Guidelines and any applicable Regulatory Instructions and Guidance, shall be the following:
- a) the Regulated Water System Revenue in Relevant Year t ;
 - b) the value of QUW_t as defined in paragraph 24;
 - c) the values of i_t and CPI_t as defined in paragraphs 24 and 25, respectively;
 - d) the values of aw_t and bw_t as defined in paragraph 25;
 - e) the values of $QW1_t$, $QW2_t$, $QW3_t$, $QW4_t$, $QW5_t$, $QW6_t$, and QW_t as described in paragraphs 26 to 34;
 - f) the value of KW_t as defined in paragraph 24;
 - g) any information required by the DOE to calculate any adjustment to specific operating cost allowance in the RC1 Final Proposals for the Relevant Year t , including but not limited to the following:
 - i) the total number of the Licensee's full-time employees and the number of Licensee's full-time UAE National employees in the Electricity Transmission Business at the end of the Relevant Year t ;
 - ii) the total number of the Licensee's full-time UAE National employees in the Water Transmission Business who were hired by the Licensee during the Relevant Year t to work in the specified areas (value added tax, enterprise risk management, asset strategy and performance, water control centre, water network development and Liwa aquifer recharge scheme) for which the specific allowances are provided in the RC1, along with their grades and positions and confirmation that they continued to work with the Licensee in the specified areas during the Relevant Year t ;
 - iii) the total number of external, paid training courses attended by each UAE National employee (if one or more) in the Relevant Year t , and, the total cost of such training courses for the Water Transmission Business in the Relevant Year t ;

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- iv) separately, the total water and electricity costs charged to the Licensee for the Water Transmission Business and respective tariffs applied (fills/Kwh and AED/m3) during the Relevant Year t; and
 - v) any other items as specified by the DOE from time to time for this purpose; and
- h) such other items as may in the future be specified in directions issued by the DOE for the purposes of this Schedule.

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Duration of electricity and water system charge restriction conditions

47. The charge restriction conditions in this Schedule shall apply so long as this Licence continues in force but shall cease to have effect (in whole or in part as the case may be) if the Licensee delivers to the DOE a disapplication request made in accordance with paragraph 43 and:
- a) the DOE agrees in writing to the disapplication request; or
 - b) their application (in whole or in part) is terminated by notice given by the Licensee in accordance with either paragraph 49 or 50.
48. A disapplication request shall:
- a) be in writing addressed to the DOE;
 - b) specify the charge restrictions (or any part thereof) to which the request relates; and
 - c) state the date from which the Licensee wishes the DOE to agree that the specified charge restriction conditions shall cease to have effect.
49. Save where the DOE agrees otherwise, no disapplication following delivery of a disapplication request shall have effect earlier than the date which is the later of:
- a) the date occurring 18 months after the delivery of the disapplication request; and
 - b) 31 December 2021.
50. If the DOE has not proposed a modification of the charge restriction conditions before the beginning of the period of 6 months which will end with the disapplication date, the Licensee may deliver written notice to the DOE terminating the application of the charge restriction conditions which are specified in the disapplication request with effect from the disapplication date or a later date.
51. Nothing in paragraphs 47 to 50 above shall be taken to imply any limitation to or restriction of the DOE's power to modify this Licence in accordance with Article (98) of Law No (2).

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Definitions

In this Schedule:

AED means the lawful currency of the United Arab Emirates; fils shall be interpreted accordingly;

Annual Economic Report means the Economic Report issued annually by the Federal Competitiveness and Statistics Authority or its successor entity, or if such a report is discontinued, an equivalent official publication of the UAE government, as the DOE shall specify from time to time;

Annual Information Submission means, in relation to each of the Separate Businesses, the complete submission of all required information by the Licensee to the DOE's satisfaction on an annual basis in the form required and approved by the DOE, accompanied by the Technical Assessor's report described in paragraph 22(b) or 45(b), as the case may be, in accordance with any applicable Regulatory Instructions and Guidance in effect at the time;

Availability means, for any Relevant Year:

- a) for the Electricity Transmission Business, 1.00 minus the ratio between (i) the sum, over all the Circuits, of duration (in hours) during which a Circuit is not available due to Interruptions in that Relevant Year, and (ii) the sum of the product of the number of Circuits and the number of hours in that Relevant Year; or
- b) for the Water Transmission Business, 1.00 minus the ratio between (i) the sum, over all the Components, of duration (in hours) during which a Component is not available in that Relevant Year, and (ii) the sum of the product of the number of Components and the number of hours in that Relevant Year, where a Component shall be considered non-available only if it is not available for a duration in excess of one hour, due to any reason whatsoever and whether planned or unplanned, but excluding any Exceptional Events as confirmed by the Technical Assessor in accordance with paragraph 45(a);

Average Specified Rate means the average of the monthly average one year inter-bank deposits rates published by the Central Bank of U.A.E. (or such other bank as the DOE shall specify from time to time) during the period in respect of which the calculation falls to be made;

Circuit means an overhead line, an underground cable or a transformer which forms a part of the Licensee's electricity Transmission System;

Component means a pump, a main pipe or a reservoir which forms a part of the Licensee's water Transmission System;

Electricity System Transmission Services means all services, relating to electricity, provided as part of the Licensee's Transmission Business;

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Energy Lost or Unsupplied Energy means the total energy unsupplied in a year due to Interruptions, calculated by taking the sum, over all the Interruptions in that year, of the energy unsupplied (in kilowatt-hours) due to each such Interruption, where energy unsupplied is calculated by reference to the energy which would have been supplied in the absence of the Interruption;

Exceptional Event means an event or circumstance not within the reasonable control, directly or indirectly, of the Licensee caused by or arising out of (i) an event or incident occurring on system upstream or downstream of the Relevant Transmission System, or (ii) of acts of war, riots, terrorism, lightning, fire, earthquake, tsunami, unusual flood, storm, cyclone, typhoon, tornado or other natural calamity, and epidemic or plague, but only if and to the extent that (a) such circumstance, despite the exercise of reasonable diligence, cannot be prevented, avoided or removed by the Licensee, (b) such event materially affects the performance of the relevant Separate Business or the Relevant Transmission System and the Licensee has taken all reasonable precautions, due care and reasonable alternative measures to avoid the effect of such event on the Licensee or the Relevant Transmission System and to mitigate the consequences of such an event, and (c) such event is not the direct or indirect result of the performance or failure of the relevant Separate Business or the Relevant Transmission System, provided further that the Licensee shall make all reasonable efforts to prevent and reduce to a minimum and mitigate the effect of any such event including recourse to alternate sources of services, equipment and materials, and that the Licensee shall use its best efforts to ensure resumption of normal performance of the relevant Separate Business or the Relevant Transmission System as soon as possible after cessation of such an event;

Excluded Income means, in relation to each of the Separate Businesses, any income of the Licensee from activities other than Licensed Activities for which the Licensee has received the DOE's consent in accordance with Condition 2;

Interruption means an interruption, whether planned or unplanned, on the Licensee's electricity Transmission System, having a duration in excess of three minutes, due to any reason whatsoever, but excluding any Exceptional Events as confirmed by the Technical Assessor in accordance with paragraph 22(a);

Price Control Return means the complete submission of the statement by the Licensee on an annual basis required by paragraph 20 or 43, as the case may be, for the relevant Separate Business of the Licensee, and to the DOE's satisfaction;

RC1 Final Proposals means the RC1 Final Proposals (Reference No: EC/E02/109) dated 12 November 2017, as revised by the Addendum to the RC1 final proposals (Reference No: EC/E02/110) dated 11 March 2018;

Regulated Electricity System Revenue means the revenue (measured on an accruals basis) of the Electricity Transmission Business in the Relevant Year from any source; including any fines, penalties, damages and claims from customers; any interest earned on bank accounts and return earned on investments; any income, damages, penalties and

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claims from contractors; and insurance claims from insurers, but excluding any Excluded Income, after deduction of any taxes based directly on the amounts so derived;

Regulated Water System Revenue means the revenue (measured on an accruals basis) of the Water Transmission Business in the Relevant Year from any source; including any fines, penalties, damages and claims from customers; any interest earned on bank accounts and return earned on investments; any income, damages, penalties and claims from contractors; and insurance claims from insurers, but excluding any Excluded Income, after deduction of any taxes based directly on the amounts so derived;

Regulatory Accounting Guidelines means the regulatory accounting guidelines issued by the DOE, as amended from time to time, in relation to the preparation of the Separate Business Accounts and incorporation of the Price Control Return into the Separate Business Accounts;

Regulatory Instructions and Guidance means any regulatory instructions and guidance issued by the DOE to the Licensee, as amended from time to time, including in relation to the assumptions, measurements and inputs to the calculation of QU_{Pt} , QU_{Wt} , any component of QP_t or QW_t , and any specified items to be shown in the Price Control Return or the Annual Information Submission. Prior to issuing or amending any Regulatory Instructions and Guidance, the DOE will consult with the Licensee for a minimum period of twenty eight (28) days (unless the DOE considers that a shorter period is, given the urgency of the matter, required). When determining the length of the consultation period, the DOE will consider the time and effort required by the Licensee to respond to such proposed or amended Regulatory Instructions and Guidance. Any provisions in such Regulatory Instructions and Guidance shall not override any provision of the Law, this Schedule or Conditions of this Licence. Such Regulatory Instructions and Guidance shall be issued in a written standard form that the DOE considers will be most effective to clarify or provide guidance to the Licensee. Such Regulatory Instructions and Guidance shall be considered a regulatory decision, under which:

- a) in the first instance any dispute shall be raised within 15 days of the date of publication of the decision/final RIG, which will be escalated for resolution between the Managing Director of the Licensee and the Undersecretary;
- b) The parties will have a period of 30 days – the resolution period – following the date of raising the dispute to resolve any dispute and determine any modifications to the decision/final RIG;
- c) The RIG shall be implemented from its effective date and shall take into consideration any modifications agreed during the resolution period under b) above (unless subsequently revised by a dispute resolution or determination under Article 130 of Law No (2)); and
- d) If the dispute remains unresolved after the resolution period as set out in b) above, then the Licensee may challenge such Regulatory Instructions and Guidance as a regulatory decision under Article 130 of Law No (2);

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Relevant Year means a calendar year commencing on or after 1 January 2018. Accordingly, the first Relevant Year means the calendar year commencing on 1 January 2018; the second Relevant Year means the calendar year commencing on 1 January 2019; the third Relevant Year means the calendar year commencing on 1 January 2020; and so on;

Relevant Year t means that Relevant Year for the purposes of which any calculation falls to be made; Relevant Year $t-1$ means the Relevant Year preceding Relevant Year t or, in respect of the period of 12 calendar months commencing on 1 January 2019, the period of 12 calendar months commencing on 1 January 2018; and similar expressions shall be construed accordingly;

Reputational KPIs means, where applicable for the relevant Separate Business, the key performance indicators for Availability and for financial performance ratios, as described in Annex G of the RC1 Final Proposals;

Separate Business Accounts means the separate accounts for the relevant Separate Business referred to in Condition 9 of this Licence which for the Relevant Year 2013 and subsequent Relevant Years should be prepared in accordance with the Regulatory Accounting Guidelines;

System Despatch Cost means the fuel costs(excluding any bonus or penalty payments), variable operation and maintenance costs, start-up costs and any other variable costs or price payable for any generation and production plant subject to despatch by the Licensee, in accordance with the power and/or water purchase agreements and fuel contracts;

Technical Assessor means a suitably-qualified independent organization appointed by the Licensee with the prior written approval of the DOE;

Technical Assessor Ratio means the ratio between (a) the number of areas of improvement identified by the Technical Assessor for each of the Licensee's electricity and water businesses, as the case may be, in the report of the previous Relevant Year $t-1$ in accordance with paragraph 21 or 43 in relation to the Price Control Return or Annual Information Submission, as the case may be, which have not been made by the Licensee in the Relevant Year t and (b) the respective total number of areas of improvement identified by the Technical Assessor for each of the Licensee's electricity and water businesses, as the case may be, in the report of the previous Relevant Year $t-1$ in accordance with paragraph 26 or 51 in relation to the Price Control Return or Annual Information Submission, as the case may be;

Water Quality Regulations means the water quality regulations issued by the DOE pursuant to Article 62 of Law No (2), as amended from time to time;

Water Supply Interruption means (A) for the first and second Relevant Years, any event when the quantity of water despatched by the Licensee to the licensed distribution operators in a day is lower than the quantity scheduled for that day by more than the allowed margin; or (B) for any subsequent Relevant Years, any event when the quantity of water despatched by the Licensee to the licensed distribution operators in a day is lower than the quantity

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scheduled for that day by more than the allowed margin, and such events were reported by the Licensee to the licensed distribution operators in accordance with Chapter 5 (Operating Code) of the Water Transmission Code; in either case, allowed margin is (expressed in percentage of such quantity scheduled for the day) (a) 20% if the difference between such quantities scheduled and despatched for the day is lower than 10 million imperial gallons, or (b) 15% if such a difference is equal to or greater than 10 million imperial gallons and is lower than 20 million imperial gallons, or (c) 10% if such a difference is greater than 20 million imperial gallon; and

Water System Transmission Services means all services provided as part of the Licensee's Water Transmission Business.

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