

Temporary Law No. (64) for 2002

The General Electricity Law

Article (1):

This Law shall be called (The General Electricity Law for 2002) and shall come into effect as of the date of its publication in the Official Gazette.

Article (2): Definitions

The following words and expressions, wherever used in this Law, shall have the meanings hereunder assigned to them, unless the context otherwise provides:

The Ministry:	The Ministry of Energy and Mineral Resources.
The Minister:	The Minister of Energy and Mineral Resources.
The Sector:	The electric power sector in the Kingdom.
The Commission:	The Electric Power Regulatory Commission.
The Council:	The council of the deputies of the commission.
The Director:	Director of the Council.
The Deputy:	Member of the Council.
Generation:	Electric power generation.
Auto-Generation:	Electric power generation by an electric generation station not connected to the transmission network for the purpose of using same by the person undertaking such generation and not for the purpose of selling to others.
Independent Generator:	A non-governmental entity establishing a generation power station to sell electric power.
Generation Station:	Any station comprised of one or more units for electric power generation. Same shall include lands, buildings, and installations used for such purpose.
Transmission:	Conveyance of electric power by a transmission network.
Transmission Network:	A network comprised of electric lines and cables designed with a voltage of 33 KV or more for the purpose of conveying electric power from the generation station to a transfer station or another generation station or between two transfer stations, or to any outside connecting networks including all cells and equipments designed with a voltage of 33 KV or more and used for connection with a distribution network or generation plant.
Distribution:	Transfer and distribution of electric power through a distribution network.
Distribution Network:	A network comprised of cables, aerial lines, electric installations and their auxiliaries designed with a voltage of 33 KV or less to distribute electric power from the connection points of the transmission network with the distribution network to the point of delivery to consumers. Same shall not include any part of the transmission network.
Supply:	Supply of electric power by bulk or retail, as the case may be.
Bulk Supply:	Sale of electric power in bulk to the retail supply licensee or selling same to the main consumer.
Retail Supply:	Sale of electric power to consumers.

Main Consumer: The consumer directly connected to the transmission network supplied with electric power by the bulk supply licensee.

Consumer: The natural or corporate person purchasing electric power for his personal use.

The Project: Any project for generation, transmission or operation of a transmission, distribution or supply network.

Electrical Installations: Installations or generation stations or transmission network or distribution network or equipment, appliances or tools for the purposes of generation, transmission or operation of a transmission or distribution network.

Electrical Equipment: Equipment and wires meant for the use of the consumer.

Distributor: Holder of the distribution license.

License: The permit granted by the Commission in accordance with the provisions of this Law.

Licensee: The company licensed by the Commission to undertake generation or transmission or operation of a transmission network or bulk or retail supply or distribution, as the case may be.

Holding Company: A company directly or indirectly controlling another company by owing more than half its shares or by being able to appoint more than half the members of its management board.

Subsidiary Company: A company in which another company owes more than half its shares or one in which another company can appoint more than half the members of its management board.

Affiliate Company: Any holding or subsidiary company of a licensee or any subsidiary company of a licensed holding company.

Electricity companies set for privatization: Companies licensed for generation or distribution or retail supply or those operating by virtue of a concession agreement with the government, as the case may be, and which the government owes all or most of their shares prior to the provisions of this Law coming into force.

Electricity Companies: Electricity companies set for privatization existing prior to the provisions of this Law coming into force or the company licensed to distribute existing prior to it coming into force.

Concession Company: The company operating in the Sector prior to the provisions of this Law coming into force by virtue of a concession agreement with the government and which the government owes no shares therein.

Single Buyer Model: The structural system of the Sector under which the bulk supply licensee enjoys the exclusive right of buying electric power from those licensed for the addendums - except generation stations connected to the distribution network – and reselling to those licensed to distribute or to main consumers.

Generation station connected to a distribution network:	The generation station connected to a distribution network and not a transmission network which does not effect its operation in accordance with what is defined by the grid code.
Grid Code:	The code prepared by the distribution licensee and approved by the Commission for the purposes of operating the transmission network. It includes all the technical requirements related to connection with the transmission network and its operation or use or related to operating electrical installations necessary for the operation of the transmission network.
Reduced Tariff:	An electrical tariff set by the Council which includes subsidies from one segment of consumers to another.
Initial Privatization Contracts:	Contracts drafted, after the provisions of this Law coming into force, by electricity companies set for privatization or their legal successor with a bulk supply licensee or with the government for the purpose of its privatization.
Initial Independent Generation Contracts:	Contracts drafted, after the provisions of this Law coming into force, by the first four independent generators with the bulk supply licensee or with the government which are related to two thermal generation projects and two projects for generation by renewable energy.
Renewable Energy:	Energy resulting from non-exhaustible natural sources including solar energy, wind energy, water energy and biotic energy.
Conduct Rules:	Rules set by the Commission to regulate actions and relationships existing between the licensees and any company affiliated therewith.
Support Services:	Electricity services which enhance the stability of the electricity network and its dependability including services for regulating the frequency of the electricity current and the iterant reserve and the regulation process and the control of the capacity of the electricity grid and re-operation in the case of complete shut down.
Electricity Network:	The network consisting of generation stations, transmission network, distribution network, control centers and the equipment necessary for its operation.
Allowed Electrical Distance:	The minimum distance allowed between electrical conductors carrying the electric current and any nearby installation whereby the electric current does not adversely affect such installation.

Article (3):

This Law aims to accomplish the following:

- a. Develop the Sector in accordance with the requirements of public interest in a manner that takes into consideration the interest of projects operating in the Sector.
- b. Encourage local and foreign investment in the Sector to provide electric power to consumers in an adequate and dependable manner and at reasonable prices.
- c. Reinforce the role of the Commission in developing the Sector.

Article (4):

For the purposes of this Law the Ministry shall undertake the following duties and powers:

- a. Prepare the general policy of the Sector, in accordance with the requirements of economic and social development in the Kingdom, and submit same to the Council of Ministers for approval and follow-up on its development.
- b. Cooperate with other countries for the purpose of reciprocal electric connection and trade of electric power as well to conclude agreements necessary therefore with the approval of the Council of Ministers and follow-up on the implementation of the contractual obligations with such countries.
- c. Promote the interests of the Kingdom with other countries and concerned regional and international organizations in electric power matters and represent the Kingdom before such authorities.
- d. Realize the necessary procedures to provide supplementary sources for electric power generation in case of a constant shortfall of electric power or if same is expected, shall no alternate arrangements to overcome the shortfall be available.
- e. Request the bulk supply licensee, shall the need arise, to provide fuel for electricity companies set for privatization and licensed for generation, whether prior or after its privatization or to independent power producers.
- f. Encourage the use of renewable power for generation purposes.
- g. Recommend to the Council of Ministers the transformation of the Sector to a competitive electricity market in accordance with the provisions of Article (48) of this Law.

Article (5):

Notwithstanding the provisions of this Law:

- a)
 1. The Council of Ministers may, upon the recommendation of the Minister and for the purposes of implementing all initial privatization contracts or initial independent generation contracts, issue a decision binding on the Commission and others. The decision shall set the provisions of such contracts and their conditions.
 2. The Minister shall have the authority to implement the provisions of this decision for an interim period that shall end with the realization of the requirements of ending such a period, as deemed fit by the Council of Ministers.
- b) The decision of the Council of Ministers referred to in paragraph (a) of this Article shall include especially the following:
 1. The standards of determining the tariff of selling and purchasing electric power during the interim period and thereafter.
 2. The incentives enjoyed by the licensee.

3. The standards of performance which should be observed by the licensee.
 4. The earnings the licensee is entitled to retain from its revenue.
 5. Any procedures related to the implementation of the revenue of the distribution licensee as a result of distribution or retail supply.
 6. The subsidy granted by the government to any person or licensee.
 7. Penalties for the violation of the licensee of standards of performance.
 8. The conditions that permit the termination of the interim period and the requirements therefore.
 9. Any other provisions or requirements set by the Council of Ministers.
- c) As of the date of the issuance of the decision of the Council of Ministers referred to in paragraph (a) of this Article, the provisions and conditions stipulated in such decision shall be considered part of the existing license of the licensee. Such provisions and conditions shall have precedence over provisions and conditions of existing licenses.
- d) The Commission shall, upon the request of a licensee subject to the provisions of this Article, amend his existing license so as to conform to the provisions referred to in paragraph (b) of this Article or issue a new license with conditions and provisions conforming to such provisions. The amended license or the new license shall be considered valid as of the date of the decision of the Council of Ministers referred to in paragraph (a) of this Article.

Sector Regulatory Commission

Article (6):

- a) A commission called the (Electricity Sector Regulatory Commission) shall be established. It shall enjoy a corporate identity which is financially and administratively independent. In such capacity it shall own movable and immovable property necessary to realize its aims and take all legal actions including entering contracts, accepting aid, donations and grants. It shall also enjoy the right to litigate and shall be represented in judicial procedures by the Attorney General or Civil Attorney General or any other attorney appointed for such purpose.
- b) The Commission shall be attached to the Prime Minister.
- c) The Commission shall consist of the following:
- The council.
 - Administrative staff.

Article (7):

- a) The Commission shall seek to accomplish the following:
1. Maintain an efficient structure for the Sector and its development to insure and promote its economic feasibility.
 2. Promote investment and competition in the Sector and improve the operational efficiency and sell electricity at reasonable prices.
 3. Ensure the availability of safe, stable, continuous and high-quality services in the field of generation, transmission, distribution and supply of electric power and operation of the transmission network.
 4. Ensure that projects operating in the Sector observe environment protection standards and public safety conditions applied in the Kingdom in accordance with the legislation in force.

5. Ascertain that adequate electricity services are made available to the consumers by the licensed entities.
 6. Ensure that the prices charged by the licensee enable same to finance its activities and earn it a reasonable percentage on the return of its investments.
 7. Protect the interests of the consumers provided that the latter comply with the terms of the electricity service supply issued by the licensee and approved by the Commission.
 8. Regulate the Sector on a base of fairness and balance between the interests of the consumers, licensees, investors and any other related entities.
- b) The Commission shall undertake the following duties in the course of realizing its aims:
1. License people working in generation, transmission, supply, distribution and operation of the transmission network.
 2. Regulate generation, transmission, supply, distribution and operation of the transmission network in the Kingdom to provide permanent electricity services to consumers in an efficient and economic manner suited to technical developments subject to the provisions of Article (5) of this Law.
 3. Determine the electricity tariff, subscription fees, services charge, overhead fee, deposits and connection services charge with the transmission network and distribution network.
 4. Participate in determining the technical standards related to electrical equipment and installations after consulting with other concerned entities to issue same by the Institution for Standards and Meteorology.
 5. Participate with concerned authorities in placing the requirements necessary for the implementation of environmental standards that should be present in electrical installations and issue same in accordance with the legislation in force.
 6. Render expertise and opinion on any issue related to the Sector in a manner which fulfills the objectives of the Commission.
 7. Recommend to the Ministry to switch from the Single Buyer Mode to a competitive electricity market structure in accordance with the provisions of this Law.
 8. Any other duties or powers related to the work of the Commission in accordance with the provisions of this Law.

Article (8):

- a) A council called the (Council of Delegates) shall undertake the administration and supervision of the Commission. It shall be comprised of five full-time members, including the Director and Deputy appointed by a decision of the Council of Ministers upon the recommendation of the Prime Minister and their wages and remaining financial rights shall be fixed in accordance with such decision.
- b) The deputy shall assume the powers of the director during his absence.
- c) The duties and powers of each commissioner related to the supervision of the directorates of the executive body of the Commission shall be determined in pursuance to instructions issued by the Council. Same shall include the power of supervising the Commission in the case of the absence of the Director and his Deputy.

Article (9):

The Council shall undertake the duties and powers stipulated in this Law and the regulations and instructions issued in pursuance including the following:

- a) Issue licenses in accordance with the provisions of this Law.
- b) Set the basis on which electricity tariff, subscription fees and any other fees paid in return of connection with the transmission network and distribution network are determined.
- c) Approve electric power meters installed by the licensees for the purpose of measuring electric power sold to other licensees or consumers, as the case may be, and set instructions necessary for inspecting and examining the meters.
- d) Ensure the abidance of the licensees with the conditions stipulated in their licenses and any other legal requirements including instructions issued by the Commission.
- e) Prepare appropriate code of performance and standards of security, safety and continuity and examine the performance of the licensees in accordance with such standards and approve any other codes or standards which the licensees are responsible for preparing.
- f) Settle disputes between the licensees and consumers or between the licensees themselves in accordance with the provisions of Article (18) of this Law.
- g) Issue instructions necessary to ensure the Commission acquiring technical and financial information and data and any other information from the licensees for the purposes of fulfilling its duties in accordance with the provisions of this Law.
- h) Prepare drafts of the regulations related to the Sector.
- i) Any other duties or matters which the Director presents to the Council.

Article (10):

- a) The Council shall convene by an invitation of its Director or his Deputy in the case of his absence at least once a month or whenever the need arises. The meeting shall be legal with the presence of at least four of its members provided that the Director or his Deputy is present.
- b) The Council member shall be prohibited from participating in discussions related to an issue related to himself or his spouse or relatives from the first and second degree and voting on such decisions.
- c) The Council shall take its decisions with at least the majority of the votes of the present members. The head of the meeting shall have a casting vote in case of a tie in the votes. It shall not be permissible to abstain from voting. The dissenter shall register his opposition in the minutes of the meeting.
- d) It shall be permissible for three of the members of the council to request in writing the Director of the Council to invite the Council for a meeting to discuss specific issues. The Director or his Deputy, in such a case, shall invite the Council to convene within a period that does not exceed four days as of the date of receiving the request.
- e) The Council shall appoint from among the staff of the Commission a secretary to undertake the organization of its agenda, recording of the minutes of its meetings, maintain its records and transactions and realize any duties and work delegated him.
- f) The Council may decide to invite experts or consultants to present their opinions and suggestions on subjects presented it. It may also decide to form a technical and consultation committee or more to advice it and it may disburse them with remunerations and wages.
- g) The council shall set the necessary instructions to organize and administer its meetings.

Article (11):

A person appointed in the council is required to have the following:

- a) A Jordanian nationality.
- b) A full civil capacity.
- c) No conviction of a misdemeanor or crime in breach of honor.
- d) A masters degree at least in the subjects of law, accountancy, administration, economics, engineering or general finance and a minimum fifteen years of experience in the profession related to his degree; or a bachelors degree at least and a minimum of ten years of experience in the public or private sector in the field of generation or transmission or operation of transmission, supply or distribution network.
- e) No financial benefit, direct or indirect, in the field of generation, transmission, supply or distribution of electric power or operation of a transmission network in the Kingdom or connection to any work, with or without pay, in such field; or a spouse or relatives of the first and second degree with interest or work of such kind, unless the Prime Minister sees that such interest or work does not effect the objectivity of the person in fulfilling his duties as a Delegate.
- f) No employment with one of the licensees or to have held a job with any of same during the year previous to his appointment.

Article (12):

- a)
 - 1. The membership term of the Council is four years except for the first Council in which the Director and his Deputy shall be appointed for a four-year term, one member for a three-year term and the other two members for a two-year term.
 - 2. The term of one member may be renewed once for four years.
- b) The Director and Council members shall render the following oath in the presence of the Prime Minister prior to assuming their duties: "I swear in the name of The Almighty God to be loyal to The King and the homeland, and to respect the laws and regulations in force and to perform the duties assigned to me with honor and sincerity."
- c) The membership of the Delegate shall continue after its expiry until he is reappointed or a successor is appointed in accordance with the provisions of Articles (8) and (11) of this Law. The Delegate is prohibited from continuing in his membership in accordance with the provisions of this paragraph for a period that exceeds three months.
- d) Shall any Delegate position become vacant prior to the expiry of his membership for any reason whatsoever, the Council of Ministers shall appoint a replacement in the council in accordance with the provisions of Articles (8) and (11) of this Law within a month of the date of the position becoming vacant to continue the term of the member which expired or was terminated or for two years, whichever period is longer.

Article (13):

- a) The Director is the executive director of the Commission and represents it before others and before all entities.
- b) The Director shall undertake the following duties and powers:
 - 1. Implement the decisions of the Council.
 - 2. Supervise the executive body of the Commission and follow-up on its financial and administrative matters and coordinate work between it and other related entities.
 - 3. Suggest an organizational structure for the executive body of the Commission and provide human resources and the necessary technical facilities to enable the Commission to realize its duties.

4. Sign contracts and agreements approved by the Council.
 5. Prepare an estimated annual balance draft of the Commission and present it to the Council.
 6. Prepare an annual report concerning the activities of the Commission, annual budget and closing accounts of the previous fiscal year and present same to the Council.
 7. Any other power delegated same in accordance with the regulations issued in pursuance of the law or delegated it by the Council.
- c) The Director may delegate any of the powers stipulated in this Law and regulations issued in pursuance to his Deputy or to any member of the Council or to any employee of the Commission provided that the delegation is in writing and is specified.

Article (14):

Until a council is appointed in accordance with the provisions of this Law:

- a) The board of directors of the Commission existing upon this Law being in force shall exercise the powers delegated to the council in pursuance to its provisions.
- b) The present general director of the Commission shall exercise the powers delegated to the director in pursuance to the provisions of this Law.

Article (15):

a) It shall not be permissible for any of the delegates or their spouses or relatives of the first and second degree to have a direct or indirect financial benefit or to hold any job, provide consultation, with or without remuneration, in the field of generation or transmission or operation of a transmission or supply or distribution network for the duration of his membership in the Council and for one year after its expiry.

b) Each delegate shall present upon his appointment a written declaration to the effect that he has no interest personally or through his spouse or relatives of the first and second degree. Shall such interest or relation exist same shall be obliged to notify the Council therewith. Shall the delegate acquire such interest through inheritance or any other reason he shall dispose of such interest within a period that does not exceed three months as of the date of acquiring same.

- c)
 1. Shall a delegate violate any of the provisions stipulated in this Article he shall be dismissed from the Council and legally persecuted with the crime of misuse of public office or breach of trust, as the case may be. The Delegate shall also be liable to return all the amounts or benefits acquired as a result of committing this violation in addition to the compensation due on him to any entity of those injured therefrom as decided by the competent Court.
 2. The spouse or any relative to the first and second degree referred to in this paragraph shall be liable to return all the amounts and benefits acquired as a result of committing this violation in addition to the compensation due on them to any entity of those injured therefrom as decided by the competent Court.

Article (16):

a) It shall not be permissible for any member of the Council any employee of the Commission, under the threat of legal liability, to disclose any secret information related to the Commission, the licensees or the Sector which they obtained by virtue of their work or during realizing their work in accordance with the provisions of this Law, or to use such information for personal purposes or interests unless such use

occurs during judicial or arbitration cases or for the purposes of implementing the provisions of this Law or to enable a Delegate or employee or any other Delegate or employee to realize his responsibilities in accordance with the provisions of this Law.

b) This prohibition referred to in paragraph (a) of this Article shall continue for a period of one year after the expiry of the Council membership or the employee leaving his job at the Commission.

Article (17):

The membership of any Council member shall be terminated in any of the following cases:

- a) Expiry of the term.
- b) Resignation.
- c) Loss of any membership condition.
- d) Absence for three consecutive meetings or six non-consecutive meetings within a year for reasons within his control and without an excuse acceptable to the Council.
- e) Inability to perform his duties for mental or physical reasons.
- f) Conviction of a misdemeanor or crime in breach of honor such as bribery, embezzlement, theft, forgery, abuse of trust, false affidavit or any other crime in breach of public moral, or being declared bankrupt unless his standing is restored.
- g) Dismissal in accordance with the provisions of Article (15) of this Law.

Article (18):

- a) Notwithstanding the provisions of any other Law, the Council shall settle disputes arising between the licensees if contracts drafted between them allow same or if they agree to refer the dispute to the Commission. The Council shall also settle disputes arising between consumers and licensees in issues related to connection of the electric current and its supply, the quality of the service and the electric tariff. The decision of the Council shall be subject to appeal at the High Court of Justice.
- b) If the dispute is referred to the Commission in accordance with the provisions of paragraph (a) of this Article, then the parties of the dispute shall be entitled to appoint advocates for the purposes of representing them before the Council.
- c)
 - 1. The Council may summon witnesses, hear their testimony, oblige adversaries to present documents, accept evidence by way of affidavits under oath and seize documents or records related to the dispute which it fears to be destroyed, lost or altered.
 - 2. The Council shall issue instructions determining the procedural principles to settle disputes before it, provided that the procedures for settling disputes are public except for deliberations of the Delegates to issue a decision. The Council shall issue its decisions with sufficient reasoning.

Article (19):

Except for the Council decisions taken in accordance with Article (18) of this Law, the Council may review its decisions and revoke them of its own initiative or upon the request of any of the parties operating in the Sector and aggrieved by such decision. The final decisions of the Council in this respect may be appealed at the High Court of Justice.

Article (20):

- a) The provisions and terms of appointing employees in the Commission and their wages, benefits and other matters related to them shall be determined in pursuance to a regulation issued for such purpose.
- b) A member may, within the capacity of his duties and powers delegated him by the Council, delegate any of these powers to any employee in the Commission provided that the delegation is in writing and is specified. He may cancel such a delegation as he deems fits.

Article (21):

The Director or Delegate may assign any employee of the Commission to undertake the duties of investigating violations of the provisions of this Law or the regulations or instructions or decisions of the Council or the licenses issued by it. The employees of the Commission delegated in this regard shall be regarded members of the judicial police. The records organized by same shall be used until proven otherwise. The competent official authorities shall help same to enable them to realize the investigation and recording work.

Financial Affairs of the Commission

Article (22):

- a) The fiscal year of the Commission shall commence as of the first of January and shall end at the thirty-first of December of the same year.
- b) The Commission shall have an independent budget prepared by the Council and approved by the Council of Ministers.
- c) The annual surplus realized for the Commission after its expenses are deducted shall revert to the Public Treasury.

Article (23):

- a) The Commission shall enjoy all the exemptions and facilities provided for ministries, governmental departments and public official institutions.
- b) The property of the Commission and its rights with others shall be considered public funds and shall be collected in accordance with the provisions of the Law for Collecting Public Funds in force. It shall not be permissible to place a mortgage sign on same and for such purpose the Director shall practice all the powers allotted the administrative ruler and the committee for collecting public funds stipulated in the aforementioned law.

Article (24):

- a) Notwithstanding the provisions of paragraphs (b) and (c) of Article (28) and paragraph (b) of Article (29) and paragraph (c) of Article (30) of this Law, the Commission shall receive fees for licenses issued or renewed by it in accordance with the provisions of this Law. Its amount shall be determined in accordance with a regulation issued for this purpose.
- b) The Commission shall also receive remuneration for services it provides which shall be determined in accordance with instructions issued by the Council.

Article (25):

The monetary resources of the Commission shall be comprised of the following:

- a) The revenues received from license fees and their renewal.
- b) Remuneration for services provided by the Commission.
- c) Amounts allocated it for emergencies in the public budget.
- d) Grants, subsidies and any other resources accepted by the Council and approved by the Council of Ministers.

Article (26):

- a) The accounts and budget of the Commission shall be audited in accordance with the approved standards of international accountancy by a certified auditor appointed by the Council, which shall also determine the remuneration of same.
- b) The Council shall realize the measures necessary to organize any records and accountancy registers in accordance with the principles related to the work of the Commission, its funds and property.
- c) The auditor may request all books and accountancy registers kept by the Commission. Same may also request information or explanations from any member of the Council if he deems them necessary for the completion of his duties.

Article (27):

- a) The Commission shall provide the Council of Ministers through the Minister with its annual report dealing with Sector and any other reports related to the Sector whose provisions is deemed necessary by the Council of Ministers.
- b) The Commission shall publish any non-confidential decisions or instructions it issues together with the reasons for those decisions and instructions in addition to the annual report through any mean of publishing and advertisement chosen by the Commission for such purpose.
- c) The Council of Ministers shall issue instructions determining the manner and conditions of permitting the public to view non-confidential documents maintained at the Commission.

Licenses**Article (28):**

- a) It shall be impermissible for any person to establish, owe or manage a generation, transmission, operation of a transmission or distribution network project or undertake in any manner whatsoever any of those businesses except in pursuance to a license issued in accordance with the provisions of this Law or a decision of the Council of Ministers in accordance with paragraph (d) of Article (35) of this Law.
- b) Notwithstanding the provisions of paragraph (a) of this Article, any person, without a license, may undertake the following:
 1. Establish, owe or manager an electric power generation project in one site provided its overall capacity does not exceed one megawatt.
 2. Establish, owe or manage an electric power distribution project in one site to serve a peak demand not exceeding 100 megawatts.
 3. Establish, owe or manage an independent generation project.
- c) The Council may, in accordance with instructions issued for such purpose, exempt a category of people from obtaining the following:

1. A generation license for a generation plant with an overall capacity, in one site, that does not exceed the maximum limit of five megawatts provided that same observes any conditions determined by the Council in this regard.
2. A distribution license subject to compliance with any condition determined by the Council in this regard provided that no exemption for obtaining a license in an area falling within the area of supply of a licensee is granted until his consent is obtained.

Article (29):

- a) Any license, granted prior to the provisions of this Law coming into effect, shall continue to have effect for its remainder period until it is cancelled or renewed in accordance with the provisions of this Law.
- b)
 1. Notwithstanding the provisions of Article (5) of this Law and paragraph (c) of this Article, the Commission may, if public interest necessitates, grant an interim license to part of or all works stipulated in paragraph (a) of Article (28) of this Law for a period that does not exceed eighteen months subject to the conditions determined by the Commission for the purpose of this license.
 2. If license fees are paid upon the issuance of an interim license then no other license fees shall become due upon the issuance of a permanent license.
- c)
 1. If the works or assets of an electricity company are transferred to another unlicensed company than that company shall be considered to hold an interim license for a period that does not exceed eighteen months as of the date of the contract signed between them and subject to the conditions and rules stipulated in the license of the licensee.
 2. The company holding an interim license in accordance with the provisions of this paragraph shall be obliged to present an application to acquire a final license at least three months before the interim license expires.

Article (30):

- a) The application to acquire a license, accompanied with the documents and data determined by the Council in accordance with instructions issued for this purpose shall be presented to the Commission after the fees of services, determined upon the presentation of the application and its review, are paid.
- b) The Council shall review the presented application after its announcement and after allowing concerned parties to give their opinion.
- c) If it becomes apparent to the Council that the application fulfills all the required conditions, it shall issue its approval to grant the license after the licensee pays the determined license fees.
- d) Notwithstanding the provisions of Article (5) of this Law and the provisions of paragraph (e) of this Article, the Council shall issue the license with the conditions and provisions determined by same whereby it shall include the following specifically:
 1. The validity period of the license and the conditions for its renewal by the Council upon its expiry.
 2. The provisions and conditions of canceling the license or amending it by the Council.
 3. The procedures that should be followed by the licensee upon the expiry of the license.
 4. Referral of disputes upon the agreement of the licensees to the Council for the purposes of settling them.

5. Any matters related to the rights and liabilities of the licensee upon the expiry of his license or upon its cancellation.
 6. Any other provisions or conditions the Council deems necessary.
- e)
1. The Council shall include the basis of determining the tariff, related to the licensee and approved by the Commission, in the license in accordance with the provisions of Article (47) of this Law.
 2. The Council shall take into account upon determining the conditions and provisions of the license any agreements concluded between the licensee and the government, or between the licensees.

Article (31):

- a) The provisions of paragraphs (b) (c) and (d) of Article (30) of this Law shall not apply to the following:
1. Issuing a license in accordance with Article (5) of this Law.
 2. Issuing an interim license in accordance with paragraph (b) of Article (29).
 3. Issuing a license to independent generators in accordance with initial independent contracts.
 4. Issuing a final license to an electricity company which holds a temporary generation, transmission or operation of a transmission, supply or distribution network before the provisions of this Law coming into effect or considered holding to any of them in pursuance to its provisions.
 5. Granting an interim or final license to a concession company.
- b) It shall be taken into account upon granting a license to a company holding a concession or an electricity company set for privatization operating in accordance with a concession agreement with the government the concession provisions of each of them.

Article (32):

The generation licensee shall construct, own, operate and maintain a generation plant for the purpose of generating electric power and selling it and supporting services in accordance with the provisions of this Law and the conditions stipulated in the license.

Article (33):

- a) The transmission licensee shall be obliged with the following:
1. Construct, operate and maintain a transmission network within the borders of the Kingdom in addition to a transmission network connecting the electricity network with the electricity networks of other countries in accordance with the provisions of this Law and the conditions stipulated in the license.
 2. Allow the use of the transmission network without differentiating between its users and in a manner that suits the basis and conditions stipulated in the license.
- b) The electricity company owning the transmission network before the provisions of this Law coming into effect shall be considered the only company licensed to transmit in the Kingdom in accordance with its provisions.

Article (34):

- a) Notwithstanding the conditions stipulated in the license for operating the transmission network, the licensee shall be entitled, specifically, to undertake the following activities:

1. Schedule the operation of the different generation units.
 2. Schedule the operation of the transmission lines and coordinate the programs of stopping the generation units.
 3. Manage the optimum loading of the transmission lines to avoid the occurrence of obstructions.
 4. Coordinate the operation of electricity connection networks with other countries.
 5. Schedule the purchase of supporting services.
 6. Realize the studies required to operate a transmission network and to maintain its continuity and dependability.
 7. Any other activities required by the operation network or depended on by it.
- b) The licensee for operating a transmission network shall be obliged with completing the process of buying supporting services by virtue of a competitive bid in accordance with the provisions of the license unless alternate means approved by the Commission are available. For such purpose the contracts for purchasing supporting services resulting from initial privatization contracts between a generation licensee or his legal successor or initial independent generation contracts shall be considered to have been realized in a competitive manner.
- c) The transmission licensee shall be obliged to realize the duty of operating the electricity network and purchasing supporting services in accordance with the provisions of the license for operating a transmission network until the transformation to a competitive market of bulk sale is approved by the Council of Ministers in accordance with the provisions of Article (48) of this Law.

Article (35):

- a) The bulk supply licensee shall be obliged, subject to the conditions stipulated in the license, with the following:
1. Purchase electric power from entities licensed to generate and sell to entities licensed for retail supply, subject to the provisions of paragraph (c) of this Article.
 2. Undertake planning studies for future expansions and ascertain the availability of a generation reserve to answer the expected demand on electric power.
 3. Perform any activities required for implementing the obligation stipulated in this paragraph.
- b) The retail supply licensee, subject to the conditions stipulated in the license, shall be obliged to purchase electric power from the bulk supply licensee or from generation plants connected to the distribution network on an exclusive basis and resell same to consumers in a specified area.
- c) Subsequent to the provisions of this Law coming into force, the bulk supply licensee or the retail supply licensee shall be obliged to complete all contracts of electric power purchase from generation plants with an overall capacity equal to or in excess of (5) megawatts in the site in pursuance to a competitive bid in accordance with the provisions of the license unless alternative means approved by the Commission are available. For this purpose the contracts for the purchase of electric power resulting from initial privatization contracts concluded between a generation licensee or his legal successor or initial independent generation contracts shall be considered to have been concluded in a competitive manner for the purposes of this Article.

d) It shall not be permissible for any entity or licensee to purchase electric power from any entity from outside the Kingdom or sell same except with the approval of the Council of Ministers.

e) The transmission licensee shall be considered the sole bulk supply licensee in accordance with the provisions of the bulk supply license until the transformation to a bulk supply competitive market is approved by the Council of Ministers in accordance with the provisions of Article (48) of this Law.

f) The distribution licensee in a specified area shall be considered the sole retail supplier for that area in accordance with the conditions of the retail supply license granted to him.

Article (36):

The distribution licensee shall be obliged to construct, own, operate and maintain a distribution network within the area set for him in accordance with the provisions of this Law and the conditions stipulated in the license.

Article (37):

- a) 1. It shall not be permissible for any licensee to relinquish or dispose of his license or transfer all his assets or any part thereof through selling, mortgaging, renting or exchanging or through any other means without the prior approval of the Council and in accordance with the conditions specified in the license for this purpose.
2. The cases related to restructuring electricity companies set for privatization or for the purposes of financing business declared in pursuance of the license shall be excluded from the provisions of this paragraph.
- b) 1. The transmission licensee, any company affiliated therewith, members of the board of directors or managers committee, or any manager or major director therein or their spouses or relatives from the first and second degree shall be prohibited from the following:
- Owe, manage or control a generation project.
 - Owe shares in a company holding a generation licensee or a company affiliated therewith.
 - Undertake any arrangements with a generation licensee or a company affiliated therewith that shall benefit the transmission licensee.
2. The prohibition stipulated in clause (1) of this paragraph shall not apply if the license includes a provision therewith or if the Council approves the application presented by the licensee or the company affiliated with it or any person mentioned in that clause.
3. In all cases the period allowed the transmission licensee to continue owing shares with those licensed to generate prior to the provisions of this Law coming into effect, shall not exceed one year as of the date of its provision coming into effect.
- c) 1. The generation licensee, any company affiliated therewith, members of the board of directors or managers committee, or any manager or major director therein or their spouses or relatives from the first and second degree shall be prohibited from the following:
- Owe or operate a transmission network.
 - Owe any share in a company holding a transmission license or a license to operate a transmission network or a license to supply in bulk or in companies affiliated therewith.

- Enter into arrangements that shall benefit same, the transmission licensee or operation of a transmission network licensee or a bulk supply licensee or any company affiliated therewith.
2. The prohibition stipulated in clause (1) of this paragraph shall not apply if the license includes a provision therewith or if the Council approves the application presented by the licensee or the company affiliated with it or any person mentioned in that clause.
- d) The Council shall determine the procedures of presenting the applications stipulated in paragraphs (a), (b) and (c) of this Article, and the Council shall not approve the application if it shall adversely effect future competition in the Sector or the dependability of the electric transmission network.
- e) The provisions of paragraphs (b) and (c) of this Article shall not prevent the generation licensee and the bulk supply licensee from entering into agreements for the selling and purchase of electric power.
- f) Notwithstanding the provisions of Articles (38) and (39) of this Law, the Council may amend or cancel the license if the provisions of paragraphs (b) and (c) of this Article are violated.

Article (38):

- a) Notwithstanding the provisions of paragraphs (b) and (c) of this Article, the Council may amend any license of the licensees in any of the following cases:
1. Upon the request of the licensee.
 2. If the amendment is for the purpose of implementing a condition of the conditions of the license in accordance with paragraph (e) of Article (39).
 3. Violation of the licensees of the provisions of paragraphs (b) and (c) of Article (37) of this Law.
 4. Upon the complaint of the consumer, customer protection society or other licensees.
 5. Initiative from same.
- b) The Council may not amend any license of the licensees in accordance with clauses (4) and (5) of paragraph (a) of this Article until agreeing with the licensee.
- c) The Council shall publish the suggested amendments; determine the period for objection thereon and for expressing opinion in this regard before the Commission prior to undertaking any procedure to amend the license. The Council shall take the appropriate decision in this matter after reviewing all the objections and opinions presented it.

Article (39):

- a) Upon receiving a complaint from any customer, consumer protection society, another licensee or upon its own initiative, the Council shall inquire, for the purposes of this Article, into the conduct or functioning of any licensee in carrying out the obligations of the licensee under the Law, regulations issued in pursuance or any other legislation or the degree of the abidance if the licensee by the codes of conduct or the terms and conditions of the license.
- b) The Council shall take into consideration the provisions and terms stipulated in the license upon taking a decision to cancel same. Such cancellation shall be implemented in accordance with the procedures stipulated in this Article.
- c) Before canceling a license the Council shall notify the licensee in writing with its intention to cancel same and the reasons necessitating it and shall grant the licensee

the chance to prove his implementation, in accordance with the provisions of the license, of the necessary procedures to avoid the reasons requiring the cancellation.

d) If the licensee fails to undertake the procedures referred to in paragraph (c) of this Article to avoid canceling the license and the Council was convinced that public interest requires its cancellation, then it shall take a decision to cancel same provided that the licensee is notified in writing therewith. The Council, in such case, may give special instructions to the licensee in regard of his project in a manner that complies with the terms set in the license provided that such instructions include the following specifically:

1. An order to sell the project of the licensee or transfer its title in the manner stipulated in the license.
2. The realization of any interim procedure until the project of the licensee is sold, this shall inclusively include determining the guardian or liquidators or any other managers for the project notwithstanding the provisions of the Companies Law in effect.

e) Notwithstanding the provisions of paragraphs (b) (c) and (d) of this Article, the Council shall be entitled to keep the license valid provided it is amended by adding further provisions and terms as it deems fit. Such amendments shall be considered an inseparable part of the license.

f) If the Council decides to cancel the license or amend it in accordance with the provisions of this Article then it shall notify the licensee of the date of the cancellation or amendment coming into force.

Article (40):

a) Notwithstanding the provisions of Article (39) of this Law, if the Council is convinced that the licensee has violated any of the terms stipulated in the license then it shall serve the licensee with a notice to undertake procedures to remove the violation or desist from realizing any actions that shall continue the perpetration of the violation within the period set in the notice subject to the provisions of paragraph (b) of this Article.

b) The Council shall notify the licensee, before issuing the notice stipulated in paragraph (a) of this Article, of the reasons of issuing same and shall grant the licensee a chance to express his opinion in this regard in accordance with procedures that shall be determined in pursuance to instructions issued for such purpose.

c) It shall be permissible for the notice, stipulated in paragraph (a) of this Article, to impose a fine for every day of delay in its implementation that shall not exceed one thousand Dinars upon committing the violation for the first time and does not exceed three thousand Dinars in the case of reoccurrence.

d) The Council, and in the manner it deems fit, shall notify the involved people who may be effected by the violations.

Article (41):

If the need arises, the employees, staff or the contractors of the licensee of the generation or transmission or operation of the transmission or distribution network may enter the grounds and buildings to realize the technical work resulting in pursuance to their licenses. Official authorities shall provide help for them in this regard.

Article (42):

The quantity of electric power provided, whether in bulk or retail sale, by the licensee to another licensee or to the consumer shall be measured through meters that shall be assembled and affixed by the concerned licensee.

Article (43):

a) Notwithstanding the provisions of any other legislation, the generation or transmission or distribution licensee may realize the following:

1. Extend or place lines or electric fixtures or installations underneath, across or above any road or street.
2. Extend or place lines or electric fixtures or installations underneath or above any land except archeological sites provided that the land owners other than the government and its institutions are compensated in accordance with the provisions of this Law.
3. Affix fixtures or electric equipment on any stairs, path or yard or over same or on any property to provide consumers with electric power provided that the land owners other than the government and its institutions are compensated in accordance with the provisions of this Law.

b) Prior to commencing the implementation of any of the works referred to in paragraph (a) of this Article the concerned licensee shall publish an announcement in at least two local daily newspapers before a period not less than fifteen days as of the date of commencing the work in question.

Article (44):

a) The electric power generation, transmission or distribution licensee shall pay the injured party a fair compensation for the damages incurred by same or his movable or immovable property as a result of the licensee realizing his works.

b) If an agreement between the concerned licensee and the injured party, concerning the compensation amount, can not be reached, then the compensation determined by Court in accordance with the provisions of paragraph (c) of this Article shall be paid, unless both parties agree to arbitration.

c) The injured party shall be compensated in accordance with the provisions of this Law for any decrease in the value of the damaged area of the land that electric installations pass underneath or across or over as of the date of constructing such installations, provided that the electrical distance tolerance considerations determined by the Commission in accordance with the provisions of this Law are taken into account when calculating the damaged part.

d) The compensation determined in pursuance to paragraph (c) of this Article shall be subject to legal interest at a rate set by the Council of Ministers upon the recommendation of the Council. It shall be calculated as of the date of constructing the electric installations or the date of owing the land, whichever date is more recent, and until the date of paying the determined compensation.

e) The provisions of paragraphs (c) and (d) of this Article shall apply to electric installations constructed before the provisions of this Law coming into effect.

f) No claim for compensation or interest due on it stipulated in paragraphs (c) and (d) of this Law shall be heard after the lapse of three years as of the date of this Law coming into force in relation to electric installations which existed before it coming into force or after the lapse of three years as of the construction of any facility after it coming into effect.

Article (45):

The licensee may owe lands and rights necessary for the purposes of executing works and projects by agreeing with the owners of such lands and rights. If no agreement is achieved and the Minister, upon a request presented by the concerned licensee, deems that acquiring such lands and rights is necessary for the purposes of such projects then he shall expropriate same immediately on the expense of the licensee in accordance with the provisions of the Expropriation Law in force.

Article (46):

a) The licensee, in coordination with the Commission, shall agree with the Ministry of Public Works and Housing, the competent municipal council or any other concerned governmental authority in regard of the arrangements related to extending aerial lines or land cables for the transmission network or distribution network over roads, streets and public yards that fall within the jurisdiction or any of them and the cost incurred thereon.

b) Notwithstanding the provisions of the concession agreement concluded between the government and the concession company or electricity company set for privatization and operating by virtue of a concession, if a municipal council realizes procedures of rearranging organized roads and streets then the aerial lines paths or land cables of the transmission network and distribution network and electric facilities constructed thereon shall be changed in coordination with the Commission. The guarantee assumed by the municipal council or the licensee as a result of realizing such works by agreement between them shall be determined by a decision of the Commission if no agreement in regard of same is reached between them.

Article (47):

a) Notwithstanding the provisions stipulated in the decision issued by the Council of Ministers in accordance with the provisions of paragraph (b) of Article (5) and the provisions of paragraph (b) of Article (31) of this Law and the provisions of paragraphs (c) and (e) of this Article, the Council shall determine the electricity services tariff in accordance with the basis of organizing and unifying electricity prices that shall be included in the license granted to the licensee.

b) The generation tariff shall be excluded from the provisions of paragraph (a) of this Article and shall be determined in accordance with the arrangements agreed upon between the generation licensee and the bulk supply licensee.

c) The following shall be taken into account when determining the tariff:

1. Allow the licensee operating efficiently the chance to cover the expense of providing the service and achieve an appropriate return on his capital invested in the project.
2. Provide incentives for improving the technical and economic efficiency of the provided electricity service and the continued development of the quality of such service.
3. Clarify the costs of conveying the electricity service to consumers.
4. Avoid unwarranted discrimination between consumers from the same category and different consumer categories.
5. Gradual ending of cross subsidies between different consumer categories or its reduction unless the case was related to reduced tariff.

d) With the exception of cases of cross subsidies, the Council shall take into account upon establishing the basis of determining the tariff any subsidy included in the tariff, whether direct or indirect, or funding by way of favorable terms or any other methods.

- e) Notwithstanding the provisions of paragraphs (a) and (c) of this Article, the Council shall establish the basis of the tariff related to initial privatization contracts and initial independent generation contracts and any initial contract concluded between the concession company and the bulk supply licensee in accordance with the provisions and terms of such contracts.
- f) For the purposes of establishing the basis of determining the tariff, the Council may place a reduced tariff for some consumers whose financial circumstances require that.
- g) Before finishing the preparation of the basis for determining the tariff the Council shall grant the licensees a chance to express their opinions in this regard in accordance with the instructions issued by it for such purpose. The tariff stipulated in paragraph (e) of this Article shall be excluded from the provisions of this Article.
- h) The Council shall determine the date of the basis of determining the tariff coming into force or the date of any amendment thereon.
- i) Until a new tariff is set in accordance with the provisions of this Law, the tariff in force before it coming into effect shall continue to be chargeable.

Competition in the Sector

Article (48):

- a) The Commission shall constantly monitor the development of the Sector in the Kingdom for the purposes of shifting from the Single Buyer Model to a competitive electricity market. It shall provide the Minister with reports in this regard in accordance with paragraph (b) of this Article.
- b) Until such a time as the Minister has realized the procedure stipulated in paragraph (c) of this Article, the Council shall annually, or whenever the Minister requests that, prepare reports as to the potential for introducing competition into the Sector after consulting with the licensees, consumers and any other related parties or parties wishing to invest in the Sector. Such reports shall be considered recommendations of the Council as to the development of the electricity supply sector to the extent that permits the introduction of competition on the basis of commercial contracts between the generation licensee on one side and the distribution or supply licensee or main consumers on the other side or between the distribution licensee and the supply licensee, provided that the recommendations include specifically:
1. The existence of a sufficient number of competing parties to prevent control of the market.
 2. The existence of infrastructure and technological information to measure the electric power necessary for a competitive electricity market.
 3. The economic feasibility of the Sector.
 4. The effect of competition on prices paid by the consumer.
- c) The Minister shall present the Council report referred to in paragraph (b) of this Article to the Council of Ministers which, if convinced that the Sector has developed to the degree that permits competition in accordance with the standards stipulated in paragraph (b) of this Article, shall issue a decision to commence the transformation to a competitive electricity market subject to the provisions of paragraph (d) of this Article. The Council of Ministers, in accordance with this decision, may delegate the Minister to realize the necessary procedures to implement a competitive electricity market.

d) Notwithstanding the provisions of this Article, the procedures to realize a competitive electricity market shall not affect the economic benefits of the generation licensees and the distribution licensees resulting from arrangements they realized with the bulk supply licensee or the ability of the generation and distribution licensees to continue financing their activities.

Penalties

Article (49):

a) Notwithstanding the provisions of paragraphs (b) and (c) of Article (28) of this Law, each person who undertakes the works of electric power generation or its transmission, supply or distribution or the operation of a transmission network without obtaining a license for that purpose from the Commission or the approval of the Council of Ministers in accordance with the provisions of paragraph (d) of Article (35) of this Law, shall be penalized with imprisonment for a term of one to three years or with a fine not less than fifty-thousand Dinars and not more than one-hundred-thousand Dinars or with both penalties.

b) The party convicted of perpetrating the violations stipulated in paragraph (a) of this Article shall halt its unlicensed activities, failing which the Council may realize all the necessary procedures to halt such activity and prevent its reoccurrence. The competent official authorities shall provide help for the Commission in this regard.

c) If the party which has been convicted halts its unlicensed activities, it may present a license application to the Commission in accordance with the provisions of this Law. This shall not prevent the implementation of the sentenced penalty.

Article (50):

Each person who illegally connects to the electricity network or undertakes or abets in stealing electric power shall be penalized with imprisonment for a term of six months to two years or with a fine not less than two thousand Dinars and not more than ten-thousand Dinars or with both penalties.

Article (51):

Each person who deliberately undertakes or abets in tampering with or breaking the seals of the electric meter or the seals of the electric switch belonging to the electric power supply company and the supplier installed before the meter or the seals of the main or branch distribution switchboards for the purpose of stealing the electric current, shall be penalized with imprisonment for a term of one month to one year or with a fine not less than five-hundred Dinars and not more than two-thousand Dinars or with both penalties.

Article (52):

a) Each person who deliberately undertakes the sabotage, destruction or disruption of electrical installations or damaged same shall be penalized with imprisonment for a term of one to three years or with a fine not less than two-thousand Dinars and not more than one-hundred thousand Dinars or with both penalties.

b) Each person who through negligence or mistake sabotaged, destructed or disrupted electrical installations or damaged same shall be penalized with imprisonment for a

term of one week to three months or with a fine not more than five-hundred Dinars or with both penalties.

Article (53):

The penalty for the acts stipulated in Articles (49), (50), (51) and (52) of this Law shall be doubled if those acts endanger public safety.

Article (54):

The penalties set for the crimes committed against employees of the public authority in accordance with the provisions of the Penal Code in force shall be applied to crimes committed against employees of companies licensed for generation, transmission, or supply of electric power or those licensed to operate the network.

Article (55):

Notwithstanding the provisions of Articles (49), (50), (51) and (52) of this Law, the bulk supply licensee and retail supply licensee may halt the supply of electric power to any consumer who defaulted in the payment of any due amount or abstracted electric power in an illegal manner or tampered with any element of the transmission network or distribution network and the meters connected to them or electrical installations in a manner contrary to the Law in accordance with the instructions issued for such purpose.

General Provisions

Article (56):

- a) If the Council of Ministers decides to restructure the electricity companies by merger, division or both then the resulting electricity company or companies shall be considered the natural and legal successor of the restructured company. In such case, all the rights and obligations of the restructured company shall be transferred to it.
- b) The provisions of paragraph (a) of this Article shall apply to any generation company or distribution company established prior to the provisions of this Law coming into force as a result of restructuring the National Public Shareholding Electricity Company.

Article (57):

The Commission shall be considered the natural and legal successor of the Commission for Regulating the Electricity Sector, established in pursuance to the Electricity Law No. (13) for 1999.

Article (58):

The Electricity Law No. (13) for 1999 shall be cancelled provided that the regulations and instructions issued in its pursuance and in pursuance of the Electricity Law No. (16) for 1986 or in pursuance of the Electricity Law No. (10) for 1996 shall remain in force to the extent that does not conflict with the provisions of this Law and until any of same are amended or cancelled or exchanged in accordance with the provisions of this Law.

Article (59):

The Council of Ministers shall issue the regulations necessary for the implementation of this Law.

Article (60):

The Prime Minister and the Ministers are responsible for the implementation of the provisions of this Law.