



LESOTHO ELECTRICITY AND WATER AUTHORITY

ELECTRICITY DISTRIBUTION AND SUPPLY LICENCE TEMPLATE

EFFECTIVE DATE – 01 MAY 2016

LESOTHO ELECTRICITY AND WATER AUTHORITY

pursuant to the provision of the Lesotho Electricity Authority Act, 2002 as amended,
hereby issues a

ELECTRICITY DISTRIBUTION AND SUPPLY LICENCE

to

[INSERT NAME OF LICENSEE] (The Licensee)

Authorising the conduct by licence, in accordance with said Act and the conditions of
this Licence and its Annexes.

Dated at Maseru this [INSERT DATE]

Chairman of the LEWA Board

LICENCE CONDITIONS

TABLE OF CONTENTS

Condition 1 - Definitions and Interpretation
Condition 2 - Licensed Activity
Condition 3 - Term of Licence
Condition 4 - Licence Fee
Condition 5 - Commercial Agreements
Condition 6 - Legal and Regulatory Compliance
Condition 7 - Regulatory Accounts
Condition 8 - Availability of Resources
Condition 9 - Prohibition of Cross-Subsidies
Condition 10 - Performance Standards
Condition 11 - Provision of Information to Authority
Condition 12 - Duty of Non-Discrimination
Condition 13 - Distribution System Standards
Condition 14 - Operating Security Standards
Condition 15 - Preparation of Statements on Basis of Charging
Condition 16 - Distribution Grid Code
Condition 17 - Economic Purchasing of Services, Assets and Ancillary Services
Condition 18 - System Capacity Statements
Condition 19 - Provision of Information to other system operators
Condition 20 - Code of Practice on Customer Bill
Condition 21 - Code of Practice for Disconnections
Condition 22 - Code on Provision of Services for Vulnerable Customers
Condition 23 - Code on Efficient Use of Electricity
Condition 24 - Code of Practice on Complaint handling procedure
Condition 25 - Preparation, Review and Compliance with Codes
Condition 26 - Duty to Offer Terms
Condition 27 - Tariffs

Condition 28 - Terms and Conditions for Supply Contracts

Condition 29 - Disposal of Relevant Assets

Condition 30 – Change in Control

Condition 31 - Transfer and Assignment of Licence

Condition 32 - Health and Safety of Employees

Condition 33 - Suspension

Condition 34 - Revocation

Condition 35 - Correspondence

Condition 36 - Whole Licence

Annexes

CONDITION 1 - DEFINITIONS AND INTERPRETATION

1. In the general conditions unless the context otherwise requires:

"the Act" means the Lesotho Electricity Authority Act, 2002 as amended;

"affiliate" in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person, in each case within the meaning of the Companies Act, 2011;

"ancillary services" means: such services as the Licensee may be required for the purpose of securing stability of operating system and/or a distribution system of any authorised electricity operator;

"auditors" means the Licensee's auditors for the time being holding office in accordance with the requirements of the Companies Act, 2011;

"authorised" in relation to any business or activity means authorised by licence granted or treated as granted under section 50 or exemption granted under section 48 of the Act;

"authorised electricity operator" means any person (other than the Licensee) who is authorised to generate, transmit, distribute or supply electricity and, for the purposes of the general conditions shall include any person who has made an application to be so authorised which application has not been refused and any person lawfully transferring electricity to or from or across the Kingdom of Lesotho or any part thereof or to or from across an interconnector (or who has made application for use of an interconnector which has not been refused);

"Authority" means the Lesotho Electricity and Water Authority established under section 3 of the Act;

"change in control" means the sale of all or substantially all the assets of the Licensee, any merger, consolidation or acquisition of Licensee with, by or into another undertaking, entity or person; or any change in the ownership of more than fifty percent (50%) of the voting capital stock of the Licensee in one or more related transactions;

"commercial agreements" means Power Purchase Agreements (PPAs), Connection Agreements and other commercial agreements required to operate the distribution system;

"connection charges" means charges made or levied or to be made or levied for the carrying out (whether before or after the date on which the Licensee was granted by this Licence Document come into force) of works and provision and installation of electrical plant, electric lines and ancillary meters in constructing or modifying entry and exit points on the Licensee's Distribution System together with charges in respect of maintenance and repair of such items insofar as not otherwise recoverable as use of system charges and in respect of disconnection and the removal of electrical plant, electric lines and ancillary meters following disconnection;

"core business" means the distribution of electricity through the distribution system and its supply to final customers within the territory of the Kingdom of Lesotho specified in Annex I of the Licence;

"customer" means any person supplied or requiring to be supplied with electricity at any premises in the Kingdom of Lesotho but shall not include any authorised electricity operator in its capacity as such;

"disposal" in relation to assets means any sale, gift, lease, licence, the grant of any right of possession, loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and "dispose" shall be construed accordingly;

"distribution business" means the business of the Licensee in or ancillary to the transport (whether for its own account or that of third parties) of electricity through the Licensee's distribution system and shall include any business in providing connections to the Licensee's distribution system but shall not include any other business of the Licensee in the provision of services to or on behalf of any one or more persons;

"Distribution Code" means as appropriate code which each distribution Licensee is required to prepare and have approved by the Authority, both as revised from time to time with the approval of the Authority;

"Distribution company" means the holder for the time being of a Distribution licence;

"distribution and supply" means a distribution and supply licence granted or treated as granted under section 50 of the Act;

"distribution system" means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points to the point of delivery to customers or authorised electricity operators but shall not include any part of a Transmission system;

"electricity supplier" means any person authorised to supply electricity;

"emissions" means the discharge of substances into the air or into water;

"estimated costs" for the purposes of Condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition;

"Fees" means those fees payable by the Licensee pursuant to section 19 (2) (a) of the Act and will be calculated as that proportion of the total costs of regulation incurred by the Authority in the conduct of its functions under the Act in respect of the Licences in the relevant calendar year;

"Financial Year" means the period from 1st April to the following 31st March;

"forecast demand" means the Licensee's forecast (made in accordance with the Distribution Code) of the demand on the Total System at any relevant time;

“generation set” means any plant or apparatus for the production of electricity and shall where appropriate include any production facilities comprising more than one generation set;

“grid supply point” means any point at which electricity is delivered from a Distribution system to any distribution system;

“impact factor constraint” means the requirement that under normal operating conditions no single infeed shall be required to provide more than 50% of all demand on the Total System;

“information” shall include any documents, accounts, estimates, returns or reports, records and any data in verbal, written or electronic form and information in any form or medium whatsoever;

“interconnector” means the electric lines and electrical plant and meters owned or operated by a Distribution company solely for the transfer of electricity to or from a Distribution system into or out of the Kingdom of Lesotho;

“largest single infeed” means the single infeed which at the relevant time is providing an amount of electricity to the Total System which is more than any other;

“level of operational security” means the incidence of interruptions of supply or reductions in frequency or voltage below usual operational limits by reason of a sudden unplanned loss of a single infeed to the Total System;

“Minister” means the Minister of the Government of Lesotho responsible for the licensed activity;

“relevant constraints” means constraints on the Total System or on any Interconnector;

“relevant asset” means any asset for the time being forming part of the Licensee's distribution and supply system portfolio, any control centre for use in conjunction therewith and any right, title or interest in land upon which any of the foregoing is situated;

“relevant proportion” for the purposes of Condition 4 (Payments by the Licensee to the Authority) means the proportion of the costs attributable to the Licensee in accordance with principles determined by the Authority for the purposes of this condition generally and notified to the Licensee;

“relevant supplier” means a Relevant Licensed Supplier or a relevant exempt self-supplier;

“relevant year” for the purposes of Condition 4 (Payments by the Licensee to the Authority) only, means a year beginning on 1st April of each calendar year and ending on 31st March of the following calendar year;

“Security deposit” means a deposit of money paid by a Customer as security for the payment of charges for the supply of electricity by the Licensee to the premises at which he is (or is to be) supplied, and may include a sum as security for the provision of metering equipment;

"separate business" means each and any of:

- (a) the generation business of the Licensee;
- (b) any supply business of the Licensee;
- (c) any distribution business of an affiliate or related undertaking of the Licensee;
- (d) any Distribution business of an affiliate or related undertaking of the Licensee taken separately from one another (but so that where all or any part of such business is carried on by an affiliate or related undertaking of the Licensee, such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such other business of the Licensee and of any other affiliate or related undertaking of the Licensee so as to form a single separate business);

"Service Territory" means the area from time to time specified in Annex 1;

"single infeed" means:

- (a) a single Generation Set (or more than one Generation Set connected to the Total System through a single transformer or which is exposed to another common mode failure opportunity); and
- (b) in relation to an Interconnector, such part of an Interconnector;

"spinning reserve capability" means the Distribution System operator's reasonable expectation of the ability (in MW) of a Generation Set or Interconnector to load and sustain it during and following a period when the system frequency is at or below a level specified in SAPP guidelines from time to time;

"spinning reserve constraint" means the requirement that under normal operating conditions the total of the spinning reserve capability of all the Generation Sets and Interconnectors connected to the Total System shall at the relevant time be at a level specified in SAPP guidelines from time to time;

"Standby" means the periodic or intermittent supply or sale of electricity by the Licensee as distribution and supply Licensee to a Customer of the Licensee as distribution and supply Licensee, to make good any shortfall between the Customer's total supply requirements and that met either by its own generation or by electricity supplied by an Authorised electricity operator, such standby supply or sale being provided at such point on the Licensee's Distribution System as the operator or Customer may request;

"statutory accounts" means the accounts that the Licensee prepares under the Companies Act, 2011;

"subsidiary" has the meaning given in the Companies Act, 2011;

"Supply Business" means the Authorised business of the Licensee as distribution and supply Licensee in the Licensee's Service Territory but excluding any activities forming part of the Distribution Business;

2. Any words or expressions used in the Act shall, unless the contrary intention appears, have the same meaning when used in these general conditions;

3. Except where the context otherwise requires, any reference to a numbered general condition reference, and reference to a Section is a reference to that Section or Schedule is a reference to the general condition or Schedule bearing that number in this licence, and any reference to a numbered paragraph is a reference to the paragraph bearing that number in the general conditions or Schedule in which the general conditions apply;
4. These general conditions shall have effect as if in relation to references to a licence holder who is a natural person, the words "it", "its" and "which" there are substituted by the words "he", "him", "his" and "whom", and cognate expressions shall be construed accordingly. Except where the context otherwise requires, a reference in a general condition to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph;
5. In construing the general conditions, the heading or title of any general condition or paragraph shall be disregarded; and
6. Where any obligation under or pursuant to the licence is required to be performed by a specified date or within a specified period, and where the Licensee has failed so to perform by such date or within such period, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform by that date or within that period).

CONDITION 2 - LICENSED ACTIVITY

This licence granted pursuant to section 50 of the Lesotho Electricity Authority Act, 2002 ("the Act") authorises the Licensee to distribute and supply electricity within the territory of the Kingdom of Lesotho as specified in Annex 1 throughout the term of this licence.

CONDITION 3 - TERM OF LICENCE

1. This Licence shall enter into force and effect on the [INSERT DATE] and expire on the [INSERT DATE].
2. The term of the Licence may be renewed subject to the conditions and procedures of the Lesotho Electricity Authority Act provided the Licensee requests a renewal by written notice at the latest 24 months prior to the expiry date.

CONDITION 4 - LICENCE FEE

1. The Licensee shall pay the Authority a Licence Fee for the relevant proportion of the estimated costs of regulation that is incurred by the Authority in the conduct of its functions under the Act in respect of each year that the Licensee holds the Licence.
2. The amounts determined in accordance with paragraph 1 of this Condition shall be paid by the Licensee to the Authority in one installment being due for payment by 31st

October in each year, provided that if the Authority has not given notice of the amount of the installment at least 30 days before the payment date stated above, the Licensee shall pay the amount due within 30 days from the actual giving of notice by the Authority to the Licensee (whenever notice is given).

3. When the Licensee fails to pay the amount determined in accordance with paragraph 1 of this Condition within 30 days of the due date set out in paragraph 2 of this Condition, it shall pay simple interest on the amount at the rate which is from time to time equivalent to the base rate plus 1% of the Central Bank of Lesotho or, if there is no such base rate, such base rate as the Authority may designate for the purposes hereof.

CONDITION 5 - COMMERCIAL AGREEMENTS

1. The Licensee shall be entitled to enter into Commercial Agreements with third parties that are required to conduct the licensed activity.
2. The Licensee shall submit a copy of each Commercial Agreements entered into for the purpose of conducting the licensed activity to the Authority for approval.
3. The Authority shall approve the Commercial Agreements if they comply with the requirements of the Act.
4. The Licensee shall not amend any Commercial Agreement entered into pursuant to paragraph 1 of this Condition or enter into an agreement amending such a Commercial Agreement without obtaining the prior written approval of the Authority.
5. The Licensee shall comply with the relevant provisions of any and all specified agreements entered into pursuant to this Condition.
6. The approval by the Authority shall be deemed granted if the Authority does not inform the Licensee in writing of any objection within a period of 2 months.

CONDITION 6 - LEGAL AND REGULATORY COMPLIANCE

1. The Licensee shall comply with all laws, by-laws, regulations, codes and standards of the Kingdom of Lesotho in so far as they are applicable to the licensed activity.
2. The Licensee shall not enter into any agreement that would breach any such law, by-law, regulation, code, standard or the General Terms and Conditions of this Licence.
3. The Authority may issue directions relieving the Licensee of its obligation in respect of such parts of relevant Codes and to such extent and subject to such conditions as may be specified in those directions.

CONDITION 7 - REGULATORY ACCOUNTS

1. The Licensee shall keep separate regulatory accounts in respect of the Distribution Business for each financial year.
2. The accounts shall be kept in accordance with the Lesotho Companies Act, 2011 and with such regulatory accounting guidelines as may be issued by the Authority from time to time.

CONDITION 8 - AVAILABILITY OF RESOURCES

1. The licensee shall at all times act in a manner calculated to secure that it has available to it such resources, including (without limitation) management and financial resources,

personnel, fixed and moveable assets, rights, licence, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:

- (a) to properly and efficiently carry on the distribution and supply business; and
 - (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to the distribution and supply business including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of electricity distribution and supply.
2. The Licensee shall immediately inform the Authority in writing if circumstances exists that justify the reasonable expectation that the Licensee may not have sufficient resources available to conduct its licensed business for a period of 12 months.

CONDITION 9 - PROHIBITION OF CROSS-SUBSIDIES

1. Unless authorized by the Authority, the Licensee shall ensure that the business licensed by this license does not give any subsidy or cross-subsidy (direct or indirect) to, nor receive any subsidy or cross-subsidy (direct or indirect) from, any other business of the Licensee and/or any Affiliate or related enterprise of the Licensee and/or any other person.

CONDITION 10 - PREPARATION OF STATEMENTS ON BASIS OF CHARGING

1. The Licensee shall as soon as practicable after the Distribution Licence has come into force and, in any event, not later than such date as the Authority shall specify in directions issued to the Licensee for the purposes of this Condition, prepare a statement approved by the Authority setting out the charges that will be made for use of the Licensee's Distribution System and for connection to the Licensee's Distribution System.
2. The statements shall be made in such form and contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services.
3. Following approval of the statements by the Authority, the Licensee shall at all times conform with the methodologies for use of the system, connection to system and Top-Up and Standby as approved by the Authority from time to time.
4. Unless otherwise specified by the Authority, the statement regarding the use of the distribution and supply system shall include
 - (a) a schedule of charges for distribution of electricity under use of the system;
 - (b) a schedule of adjustment factors to be made (where appropriate) in respect of distribution losses;
 - (c) the methods by which and the principles on which charges (if any) for availability of distribution capacity on the Licensee's System will be made;
 - (d) a schedule of the charges (if any) which may be made for the provision and installation of any meters or electrical 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;
 - (e) the methods by which and the principles on which entry and exit charges for connections in operation before the date on which the Distribution Licence comes into force will be calculated; and

- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.
5. Unless otherwise specified by the Authority, the statement regarding connection to the distribution system shall include:
- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Licensee's 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 system rendered necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
 - (c) the methods by which and the principles on which Connection Charges will be made in circumstances where the electric lines or electrical plant to be installed are 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 electric lines, electrical plant or meters provided and installed for making a connection to the Licensee's system;
 - (e) the methods by which and the principles on which any charges will be made for the provision of special metering or telemetry or data processing equipment by the Licensee for the purposes of enabling any person which is bound to comply with the Distribution Code to comply with its obligations in respect of metering thereunder, or for the performance by the Licensee of any service in relation thereto;
 - (f) the methods by which and principles on which any charges will be made for disconnection from the Licensee's system and the removal of electrical plant, electric lines and ancillary meters following disconnection; and
 - (g) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.
6. Connection charges shall be set at a level which enables 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 system and the provision and installation, maintenance and repair and, following disconnection, removal of any electric lines, electrical plant meters, special metering, telemetry, data processing equipment or other items; and
 - (b) a reasonable rate of return on the capital represented by such costs.

CONDITION 11 - PERFORMANCE STANDARDS

1. The Licensee shall conduct the Supply and Distribution Businesses in the manner which it reasonably considers to be best calculated to achieve the standards of performance

set out from time to time in rules made by the Authority pursuant to section 22(1)(c) and 35 of the Act.

CONDITION 12 - PROVISION OF INFORMATION TO AUTHORITY

1. The Licensee shall provide and furnish to the Authority, in such form and at such times as the Authority may require, such information as the Authority may consider relevant in the light of this Conditions or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act.
2. The Licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of an electricity transmission license) which the Authority proposes to publish pursuant to the exercise of its duties and functions under Sections 21 and 23 of the Act.
3. This condition shall not require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
4. The power of the Authority to call for information under paragraph 1 of this Condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under this condition in question.

CONDITION 13 - DUTY OF NON-DISCRIMINATION

1. In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favor of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.
2. The Licensee shall report to the Authority at intervals of not more than one year, in such form as the Authority determines, specifying the measures taken and the level of compliance in relation to paragraph 1 of this Condition. The report shall be published by the Licensee in such a manner as shall be determined by the Authority.

CONDITION 14 - DISTRIBUTION CODE

1. The licensee shall have in force and shall implement and comply with a Distribution Code.
2. The Distribution Code shall cover all material technical aspects relating to connections to and the operation and use of the distribution system
3. The Distribution Code shall be designed :
 - (a) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the distribution of electricity; and
 - (b) to facilitate competition in the generation and supply of electricity.
4. The Distribution 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 with the distribution system;
 - (b) a set of operating codes specifying conditions and procedures under which the Licensee shall operate the distribution system;
 - (c) a planning code specifying the requirements for the supply of information by persons connected or seeking connection to the distribution system in order for the Licensee to undertake the planning and development of the distribution system and specifying the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the distribution system and to be complied with by the Licensee and other persons connected or seeking connection with the distribution system in the planning and development of their own plant and systems;
 - (d) a metering code setting out requirements and procedures for metering.
5. Where there is no existing Distribution Code at the commencement of this Licence or any time thereafter, the Licensee shall, within 12 months after the Distribution and Supply Licence has come into force, develop and submit to the Authority for review and approval the Distribution Code. Thereafter the Licensee will periodically review (including upon the request of the Authority) the Distribution Code and its implementation. Following any such review the Licensee shall send to the Authority:
- (a) a report on the outcome of such review; and
 - (b) any proposed revisions to the Distribution 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 the present condition; and
 - (c) any written Representations or objections from any Authorised Electricity Operators (including any proposals by such operators for revisions to the Distribution Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.
6. Revisions to the Distribution Code proposed by the Licensee and sent to the Authority pursuant to this Condition shall be approved by the Authority.
7. The Licensee shall keep and maintain such records concerning its implementation of and compliance with the Distribution Code are in accordance with such guidelines as the Authority shall from time to time have given to the Licensee and are, in the opinion of the Authority, sufficient to enable the Authority to assess whether the Licensee is performing the obligation imposed upon these matters and the Licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.
8. The Authority may from time to time (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with, or to enforce against any other person any provision of, the Distribution Code in respect of such parts of the Licensee's Distribution System to such extent as may be specified in the directions.
9. The Distribution Code shall be reviewed by the Authority not later than 24 months after coming into force of this licence and the Authority's approval of the Distribution Code as revised shall be sought not later than 24 months after the Distribution Licence comes

into effect. Such dates may be extended by the Authority in directions issued to the Licensee for the purposes of this Condition.

CONDITION 15 - DISTRIBUTION SYSTEM STANDARDS

1. The Licensee shall plan, develop, operate and maintain its Distribution System in accordance with the Distribution Code or another appropriate standard approved by the Authority.
2. The Licensee shall, not later than such date as the Authority may specify and in consultation with the Authority, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply, in connection with the maintenance of an efficient, economical and co-ordinated Distribution System, with all applicable environmental laws.
3. The Licensee shall within 12 months after the Distribution Licence comes into force and thereafter whenever requested to do so by the Authority, draw up and submit to the Authority for its approval a statement setting out criteria by which performance of the Licensee in maintaining Distribution System security and availability and quality of service may be measured.
4. The Licensee shall within 6 months after the end of each Financial Year submit to the Authority a report providing details of the performance of the Licensee during the previous Financial Year against the criteria referred to under paragraph 3 of this Condition condition.
5. The Authority may from time to time (following consultation with the Licensee, any materially affected Authorised electricity operator thereby and such (if any) other Licence holders as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligations under paragraph 1 of this Condition to such extent as may be specified in the directions.
6. The Licensee shall provide a copy of the documents referred to in this condition to the Authority.

CONDITION 16 - ECONOMIC PURCHASING OF SERVICES, ASSETS AND ANCILLARY SERVICES

1. The Licensee shall contract for or arrange for the provision of such assets and services, and such quantities and types of ancillary services, as may be necessary and appropriate to enable the Licensee to discharge its obligations under the legislation relevant to procurement that is applicable and under the Distribution Code.
2. In contracting or arranging for the provision of assets, services, and ancillary services pursuant to paragraph 1 of this Condition, without prejudice to the infrastructure commitment, the Licensee shall purchase or otherwise acquire such assets, services, and ancillary services from the most economical sources available.
3. In considering the most economical sources available, the Licensee shall have regard to the quantity, nature, and diversity and reliability of the assets, services and Ancillary Services available at that time for purchase or other acquisition, and to its requirements to enable it to discharge its obligations under the Legislation, the Distribution Code and this licence.
4. This Condition shall only have effect from such date as the Authority shall specify in directions issued to the Licensee for the purposes of this Condition and in relation to the

purchase or other acquisition by the Licensee of Ancillary Services other than those Ancillary Services for which, at the date so specified, it shall already have contracted.

CONDITION 17 - SYSTEM CAPACITY STATEMENTS

1. The Licensee shall once every year (and not later than such date as the Authority shall specify), prepare a statement in a form approved by the Authority showing in respect of the 5 succeeding Financial Years circuit capacity, forecast power flows and loading on each part of the Distribution System.
2. The Licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statement prepared at least once in every year the Distribution Licence is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
3. The Licensee shall send a copy of the statement prepared in accordance with paragraph and of each revision of such statement to the Authority. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority.

CONDITION 18 - OPERATING SECURITY STANDARD

1. The Licensee shall make arrangements sufficient to meet the Operating Security Standard.
2. The Operating Security Standard is such level of operational security that shall continue to be achieved by ensuring that:
 - (a) in normal operating conditions and where sufficient generating capacity is available to meet:
 - (i) the forecast demand; and
 - (ii) the spinning reserve constraint;
 whilst applying the impact factor constraint, that capacity shall be dispatched in accordance with the Distribution Code; or
 - (b) such other or further measures as the Authority shall, upon the application of the Licensee, agree shall be sufficient to ensure the same level of operational security.
3. Notwithstanding paragraph 1 of this Condition the Licensee may interrupt or reduce a supply of electricity in circumstances where:
 - (a) it is necessary to do so by reason of planned maintenance undertaken on the Distribution System or the Distribution System or by reason of a fault on or affecting either the Distribution System or the Distribution System or the quantities of electricity delivered into the system or by reason of damage to or destruction of a water pipeline; or
 - (b) it is necessary to do so to maintain the security and stability of the Total System by reason of a sudden unplanned loss of a single infeed to the Total System until the time at which the Licensee is again able to meet all demand on the Total System.
4. The Licensee shall upon request by the Authority provide to the Authority such information as the Authority may require for the purpose of monitoring compliance with

this Condition and to enable the Authority (having regard to his statutory duties) to review the operation of the Operating Security Standard.

CONDITION 19 - CODE OF PRACTICE ON CUSTOMER BILLS

1. The Licensee shall within 6 months after this Licence has come into force, prepare a Code of Practice concerning the payment of electricity bills by Customers not paying for their electricity supply by way of pre-paid electricity meters, and including appropriate guidance for the assistance of such Customers who may have difficulty in paying such bills.

CONDITION 20 - CODE OF PRACTICE FOR DISCONNECTIONS

1. The Licensee shall within 6 months of this Licence has come into force, prepare a Code of Practice setting out its policies and procedures for disconnecting or de-energising Customers.
2. The Licensee shall as soon as practicable following the preparation of the Code of Practice or any revision made to it, send to the Authority for review and approval.
3. The Licensee shall, within 3 months after the Code of Practice has been put in place, establish procedures for monitoring its general operation of the arrangements set out in the Code of Practice and compliance therewith, which shall be submitted to the Authority for his approval.

CONDITION 21 - CODE ON PROVISION OF SERVICES FOR VULNERABLE CUSTOMERS

1. The Licensee shall within 6 months after this Licence has come into force, prepare a Code of Practice setting out its policies and procedures for the continued availability of electricity to public hospitals, center for the disabled, aged and sick.

CONDITION 22 - CODE ON EFFICIENT USE OF ELECTRICITY

1. The Licensee shall within 6 months after this Licence has come into force, prepare a Code of Practice setting out the ways in which the Licensee will make available to Customers such guidance on the efficient use of electricity as will, in the opinion of the Licensee, enable them to make informed judgements on measures to improve the efficiency with which they use the electricity supplied to them. Such Code of Practice shall include, but shall not be limited to:
 - (a) the preparation, and making available free of charge to any Customer who requests it, of a statement, in a form approved by the Authority, setting out information and advice for the guidance of customers in the efficient use of electricity supplied to them;
 - (b) the creation and maintenance within the Licensee's organisation of sources from which Customers may obtain further information about the efficient use of electricity supplied to them, including the maintenance of a telephone information service;
 - (c) the preparation, and making available free of charge to any customer who requests it, of a statement or statements of sources (to the extent that the Licensee is aware of the same) outside the Licensee's organisation from which Customers may obtain additional information or assistance about measures to

improve the efficiency with which they use the electricity supplied to them such statement or statements to include basic information which is publicly available on financial assistance towards the costs of such measures available from Central or Local Government or through bodies in receipt of financial support from Government in connection with measures to promote the efficiency of energy use.

CONDITION 23 - CODE OF PRACTICE ON COMPLAINT HANDLING PROCEDURE

1. The Licensee shall, within 6 months after the Distribution and Supply Licence has come into force prepare a Code of Practice establishing a procedure for handling complaints from Customers about the manner in which the Licensee conducts the Supply Business and the Distribution Business and any procedure established in accordance with this Condition shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.

CONDITION 24 - PREPARATION, REVIEW AND COMPLIANCE WITH CODES

1. This Condition applies to each of the Codes of Practice required to be prepared by the Licensee.
2. The Licensee shall submit the Code to the Authority for approval.
3. If, within 30 days from the day the Licensee first submitted the Code to the Authority for approval, the Authority notifies the Licensee that he considers that the Code does not meet the requirements of this Distribution and Supply Licence, the Licensee shall immediately make such changes to the Code as the Authority may require.
4. The Licensee shall whenever reasonably requested to do so by the Authority, and in any case no more than once in any 12 months period, review the Code and the manner in which it has been operated, with a view to determining whether any Modification should be made to the Code or to the manner of its operation.
5. The Licensee shall submit any revision of the Code which it wishes to make to the Authority for his approval and if the Authority approves the revision, the Licensee shall, following receipt of the Authority's approval in writing, then revise the Code appropriately. If the Authority does not approve the revision, the Licensee shall make further revisions to the Code as the Authority may require, in order to meet the requirements of the Licensee's Distribution and Supply Licence.
6. The Licensee shall:
 - (a) as soon as practicable following the preparation of the Code or any revision made to it, send to the Authority a copy of the Code or such revision in the form approved by the Authority;
 - (b) draw to the attention of its Customers the existence of the Code and any substantive revision of it and how they may inspect or obtain a copy of the Code in its latest form;
 - (c) make a copy of the Code available for inspection by members of the public at each of the relevant premises during normal opening hours; and
 - (d) give or send free of charge a copy of the Code (as from time to time revised) to any person who requests it.
7. No changes may be made to the Code otherwise than in accordance with this Condition.

8. The Licensee shall ensure, so far as reasonably practicable, that it complies with the terms of and the arrangements or procedures (as the case may be) as are contained in or described by each Code to which this Condition applies or any revision to such Code approved by the Authority.
9. The Licensee shall provide the Authority with all assistance reasonably necessary to enable the Authority to monitor the implementation and operation of any Code and this assistance shall include, without limitation, permitting the Authority access to relevant documentation held by the Licensee.
10. The Authority may (following consultation with the Licensee) issue directions relieving the Licensee of any of its obligations under the Code to such an extent as may be specified in those directions and subject to such terms and conditions as the Authority thinks fit.
11. The Licensee must publish a summary of the Code in Sesotho.

CONDITION 25 - DUTY TO OFFER TERMS

1. If the Licensee supplies electricity to Domestic Premises, it must, within a reasonable period of time after receiving the request from the Customer for a supply of electricity to Premises, offer to enter into a contract with that Customer.
2. If the Domestic Customer accepts the terms of the contract offered to him under paragraph 1 in this Condition, the Licensee must supply electricity in accordance with that contract.
3. The Licensee is not required to comply with the obligations set out in paragraphs 1 or 2 in any of the following circumstances:
 - (a) it is not reasonable in all the circumstances of the case for the Licensee to supply electricity to the Domestic Premises, provided that, if it is already supplying electricity to the premises, it has given at least seven working days' notice of its intention to stop doing so; or
 - (b) the Licensee requires the Domestic Customer to pay a reasonable Security Deposit and he does not do so.

CONDITION 26 - TARIFFS

1. Tariffs shall be set and reviewed in accordance with the Lesotho Electricity and Water Authority (Electricity Price Review and Structure) Regulations, 2009 as amended from time to time.
2. From a date to be determined by the Authority, the Licensee's tariffs shall be framed and filed pursuant to Section 24 of the Act.
3. Where the Authority considers that by reason of the complexity of any such tariffs set by the Licensee, simplified explanatory statements are required or expedient for the understanding of the tariffs by the Licensee's Customers, the Authority may direct the Licensee to draw up such explanatory statements and thereafter to publish them with the tariffs to which they relate.
4. In setting tariffs to be filed in terms of paragraph 2 of this Condition, the Licensee shall ensure that the price charged by the Licensee at any time to any Customer paying such tariffs for the supply of electricity is the same as the price charged by the Licensee at that time to any other Customer paying tariffs for a comparable supply of electricity,

irrespective of where such Customers are located or reside and subject to Condition 21.

5. For the purposes of this Condition, supplies of electricity shall be regarded as comparable if they:
 - (a) are at the same or similar voltages or power factor; and
 - (b) are in accordance with the same or similar demand characteristics.

CONDITION 27 - TERMS AND CONDITIONS FOR SUPPLY CONTRACTS

1. The Licensee shall ensure that any contract it enters, or offers to enter, into with a Customer for the supply of electricity contains provisions which are in clear and comprehensible language and which incorporate all relevant information so as to enable the Customer or potential Customer to understand the terms under which the supply of electricity is, or is to be, made.
2. The Licensee shall ensure that any contract it enters into with a Customer for a supply of electricity provides that the contract will terminate automatically in the event that a last resort Supply direction is given to another Electricity Supplier in relation to the premises supplied under that contract.
3. The Licensee shall determine standard terms and conditions for the supply of electricity to Domestic Customers and may determine different standard terms and conditions for different cases or class of cases or for different areas. The Licensee shall not enter, or offer to enter, into a contract for the supply of electricity with a domestic customer otherwise than on its standard terms and conditions.

CONDITION 28- DISPOSAL OF RELEVANT ASSETS

1. The Licensee shall be obliged to obtain prior written consent from the Authority for the disposal of or relinquishment of operational control over any relevant equipment, immovable property or other asset required to perform the licensed activity unless:
 - (a) the Authority has given prior general consent in written to the disposal of or a relinquishment of operational control over relevant assets of a specified description; and
 - (b) it is obliged by law or final order of a competent court to dispose of the relevant asset or part of its distribution business.
2. The consent shall be deemed granted if the Authority does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period of 2 months.

CONDITION 29 – ENVIRONMENTAL PRESERVATION

1. The Licensee shall comply with and adhere to applicable national and international environmental standards and practices during the term of this Licence to protect and preserve the environment.

CONDITION 30 – CHANGE IN CONTROL

1. The Licensee shall submit the agreement on the Change of Control in respect of distribution and supply business to the Authority for consideration, review and approval.
2. The Authority shall consider, review and approve the agreement between the Parties within 2 months of the receipt of the proposed agreement.
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CONDITION 31 - TRANSFER AND ASSIGNMENT OF LICENCE

1. The Licensee may not transfer, assign or otherwise cede control of the Licence without prior written consent of the Authority.
2. The Licensee shall request the consent of the Authority to any transfer, assignment or other ceding of control of the Licence at least two months prior to the envisaged date of the requested transfer, assignment or ceding of control of the Licence.
3. When deciding whether to give its consent the Authority shall apply the same criteria as it would apply if it were deciding on a licence application from the entity to which the Licence shall be transferred, assigned or otherwise ceded.
4. The consent shall be deemed granted if the Authority does not inform the Licensee in writing of any objection to the transfer, assign or otherwise cede control of the License within the notice period of 2 months.

CONDITION 32 - HEALTH AND SAFETY OF EMPLOYEES

1. The Licensee shall take all reasonable steps to promote the health and safety of employees and shall consult with appropriate representatives of employees for the purpose of establishing and maintaining an appropriate machinery or forum for the joint consideration of matters of mutual concern in respect of health and safety of those employees. The Licensee shall comply with all occupational health and safety laws of Lesotho.

CONDITION 33- SUSPENSION

1. The Authority may at any time suspend the License by giving no less than 15 days' notice in writing to the Licensee:
 - (a) if any amount payable under Condition 4 (Payments by the Licensee to the Authority) is unpaid 30 days after it has become due and remains unpaid for a period of 30 days after the Authority has given the Licensee notice that the payment is overdue - provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable becomes due;

- (b) if the Licensee fails to comply with a final order (within the meaning of section 73 of the Act) or with a provisional order (within the meaning of section 74 of the Act) which has been confirmed under section 76 of the Act and (in either case) such failure is not rectified to the satisfaction of the Authority within three months after the Authority has given notice in writing of such failure to the Licensee - provided that no such notice shall be given by the Authority before the expiration of the period within which an application under sections 87, 88 or 89 of the Act questioning the order or its validity or before the proceedings relating to any such application are finally determined;
- (c) if the Licensee fails to pay any financial penalty (within the meaning of section 99 of the Act) by the date for such payment and such payment is not made by the Authority within three months after the Authority has given notice in writing of such failure by the Licensee - provided that no such notice shall be given before any proceedings under Schedule 2 of the Act are finally determined; or
- (d) if the Licensee fails to pay any due amount to the Authority payable as part of an award (within the meaning of section 9 of Schedule 2 of the Act) or any costs determined as part of an interim award (within the meaning of Schedule 2 of the Act) howsoever payable by the due date specified in either such award; or
- (e) if the Licensee fails to conduct the licensed activity in accordance with the terms and conditions of the Licence, the provisions of the Act and any regulatory instruments thereunder and does not immediately take all appropriate means to remedy the failure.

CONDITION 34- REVOCATION

1. The Authority may at any time revoke the Licence by giving no less than 30 days' notice (24 hours' notice in the case of a revocation under sub-paragraph (e). of this Condition in writing to the Licensee:
 - (a) If the Licensee agrees in writing with the Authority that the Licence should be revoked;
 - (b) if any amount payable under Condition 4 (Payments by the Licensee to the Authority) is unpaid 30 days after it has become due and remains unpaid for a period of 90 days after the Authority has given the Licensee notice that the payment is overdue - provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable becomes due;
 - (c) if the Licensee fails:
 - (i) to comply with a final order (within the meaning of section 73 of the Act) or with a provisional order (within the meaning of section 74 of the Act) which has been confirmed under section 76 of the Act and (in either case) such failure is not rectified to the satisfaction of the Authority within three months after the Authority has given notice in writing of such failure to the Licensee - provided that no such notice shall be given by the Authority before the expiration of the period within which an application under sections 87, 88 or 89 of the Act questioning the order or its validity or before the proceedings relating to any such application are finally determined;

- (ii) to pay any financial penalty (within the meaning of section 99 of the Act) by more than 90 days following the date for such payment and such payment is not made by the Authority within three months after the Authority has given notice in writing of such failure by the Licensee - provided that no such notice shall be given before any proceedings under Schedule 2 of the Act are finally determined; or
 - (iii) to pay any due amount to the Authority payable as part of an award (within the meaning of section 9 of Schedule 2 of the Act) or any costs determined as part of an interim award (within the meaning of Schedule 2 of the Act) howsoever payable by more than 90 days following the due date specified in either such award.
- (d) if the Licensee:
- (i) fails to commence carrying out the licensed activity within ... months of the date of entry into force of the license,
 - (ii) has ceased to carry on the licensed activity;
 - (iii) fails to conduct the licensed activity in compliance with the terms and conditions of the Licence, the provisions of the Act and any regulatory instruments thereunder; without remedying such failure within a reasonable period of time and fails to remedy such failure within a reasonable period of time;
 - (iv) has submitted false information when making its application for the Licence
- (e) if the Licensee:
- (i) is unable to pay its debts (within the meaning of Part XVI of the Companies Act, 2011,
 - (ii) passes a resolution for Voluntary Winding Up (within the meaning of Part XVIII of the Companies Act, 2011); or
 - (iii) is subject to Winding Up by a court of competent jurisdiction (within the meaning of section 173 of the Companies Act, 2011).

CONDITION 35- CORRESPONDENCE

1. All communication with the Authority must be done in writing unless otherwise directed by the Authority by facsimile transmission or by other electronic means and, in such case:
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid post as soon as is reasonably practicable, and,
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.

CONDITION 36 - WHOLE LICENCE

1. This License constitutes the entire license and supersedes all prior understandings and agreements between the Licensee and the Authority.

ANNEX I

SERVICE TERRITORY: