



LESOTHO ELECTRICITY AND WATER AUTHORITY

ELECTRICITY TRANSMISSION 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 TRANSMISSION LICENCE

to

[INSERT NAME OF 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

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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: (a) such services as the Licensee may be required to have available in association with any generation set pursuant to the Grid Code; and (b) such services as the Licensee may have agreed to have available in association with any generation set pursuant to any agreement made with a transmission company, and which may be offered for sale to a transmission company for the purpose of securing stability of operation on a transmission 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 license 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 a 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 transmission 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 Transmission System or 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 rules, the removal of electrical plant, electric lines and ancillary meters following disconnection;

"Core Business" means the transmission of electricity through the transmission system 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 and supply" means a distribution and supply licence 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 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 Grid 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 Code" means as appropriate the transmission code which each transmission company is required to prepare and have approved by the Authority and the distribution 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;

"grid supply point" means any point at which electricity is delivered from a transmission 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 transmission or distribution company solely for the transfer of electricity to or from a transmission or 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;

"Licensee" means any person authorized and granted with the electricity transmission licence by the Authority in terms of the Act;

"Minister" means the Minister of the Government of Lesotho responsible for the licensed activity;

"Power Purchase Agreement" means a contract for the provision to the Licensee of the whole or part of the available capacity and/or the sale or other disposal to the Licensee of the whole or any of the output of a Generation Set or combination of Generation Sets;

"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 transmission 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 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; and

"SAPP" means the Southern African Power Pool as established by inter-governmental agreement on 8 December, 1995 and as subsequently modified, or its successor in title;

"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 transmission 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.

“spinning reserve capability” means the Transmission 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 Transmission System or 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;

“transmission 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 transmission system and shall include any business in providing connections to the Licensee's transmission 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;

“transmission company” means the holder for the time being of a transmission licence;

“transmission system” means a system consisting (wholly or mainly) of high voltage electric lines owned or operated by the holder of a transmission licence;

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 license, 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 license holder who is a natural person, the words "it", "its" and "which" are substituted with 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.
6. Where any obligation under or pursuant to the license is required to be performed by a specified date or within a specified period, and where the Licensee has failed 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

1. This Licence granted pursuant to Section 50 of the Act, authorises the Licensee to transmit electricity within the territory of the Kingdom of Lesotho as specified in Annex 1 throughout the term of the 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 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, 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 the relevant Grid Code and to such extent and subject to such conditions as may be specified in those directions.

CONDITION 7 – 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 8 - REGULATORY ACCOUNTS

1. The Licensee shall keep separate regulatory accounts in respect of the transmission 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 9 - 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, licences 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 transmission business; and

- (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to the transmission business including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of electricity transmission.
- 2. The Licensee shall immediately inform the Authority in writing if circumstances exist 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 10 - PROHIBITION OF CROSS-SUBSIDIES

- 1. Unless authorized by the Authority, the Licensee shall ensure that the business licensed by this licence 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 11 - PERFORMANCE STANDARDS

- 1. The Licensee shall conduct the Transmission Businesses in a 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 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 the 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 licence) 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 the 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 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 - TRANSMISSION SYSTEM STANDARDS

1. The Licensee shall plan, develop, operate and maintain its Transmission System in accordance with the Grid 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 Transmission License come 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 Transmission 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.
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 license 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 15 - OPERATING SECURITY STANDARDS

1. The Licensee shall make arrangements sufficient to meet the Operating Security Standard.
2. The Operating Security Standard is such level of operational security which 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 Grid 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 Transmission System or the Distribution System or by reason of a fault on or affecting either the Transmission System or the Distribution System or the quantities of electricity

delivered into the system or by reason of damage to or destruction of transmission or distribution system; 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 16 - PREPARATION OF STATEMENTS ON BASIS OF CHARGING

1. The Licensee shall as soon as practicable after the Transmission 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 Transmission System and for connection to the Licensee's Transmission 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 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 transmission system shall include:
 - (a) a schedule of charges for transport of electricity under use of system;
 - (b) a schedule of adjustment factors to be made (where appropriate) in respect of transmission losses;
 - (c) the methods by which and the principles on which charges (if any) for availability of transmission capacity on the Licensee's Transmission 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 or electrical plant;
 - (e) the methods by which and the principles on which entry and exit charges for connections in operation before the date on which the Transmission License 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 transmission 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 Grid 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 17 - GRID CODE

1. The Licensee shall implement and comply with the Grid Code.

CONDITION 18 - ECONOMIC PURCHASING OF SERVICES, ASSETS AND ANCILLARY SERVICES

1. The Licensee shall contract for or arrange for the provision of such services, assets and ancillary 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 Grid 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 Grid 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 19 - CENTRAL DISPATCH

1. The Licensee shall at all times comply with the scheduling and dispatch provisions of the Grid Code.

CONDITION 20 - 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 Transmission System and fault levels for each transmission node.
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 in accordance with Condition 23.1 and shall, at least once in every year the Transmission License 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 Condition 23.1 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 21 - INTERCONNECTOR CAPACITY STATEMENT

1. The Licensee shall prepare a statement approved by the Authority showing the amount of the capacity of each interconnector which the Licensee anticipates will be available for the transfer of electricity from and to Lesotho in respect of the 5 succeeding Financial Years.

CONDITION 22 - PROVISION OF INFORMATION TO OTHER SYSTEM OPERATORS

1. The Licensee shall furnish to other system operators, in such manner and at such times as may be reasonably required such information as may reasonably be required by other system operators in order to ensure the secure and efficient operation, coordinated development and inter-operability of the interconnected System as may reasonably be required by operating rules of the SAPP as from time to time amended.

CONDITION 23 - SAPP

1. To the extent possible, the Licensee must maintain full membership of the SAPP for the purposes of carrying out electricity trades as provided for under the SAPP Rules and shall comply with all obligations contained therein.
2. In the event that the Licensee is unable to maintain full membership of the SAPP, it must use all best endeavours to procure and maintain Observer Membership Status of the SAPP.

CONDITION 24 - 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 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 transmission 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 25 – CHANGE IN CONTROL

1. The Licensee shall submit the agreement on the Change of Control in respect of transmission 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.

CONDITION 26 - 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 Licence within the notice period of 2 months.

CONDITION 27 - 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 28- SUSPENSION

1. The Authority may at any time suspend the Licence 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; or
 - (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; or
 - (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 29 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 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; or
- (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 ... days from the date of entry into force of the licence;
 - (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 30 - 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 31 - WHOLE LICENCE

1. This Licence constitutes the entire licence and supersedes all prior understandings and agreements between the Licensee and the Authority.

ANNEX 1
SERVICE TERRITORY