



**THE ENERGY AND WATER UTILITIES REGULATORY AUTHORITY
(EWURA)**

**ELECTRICITY SYSTEM OPERATOR LICENCE
LICENCE No. ESO – 2016 - 001
(Issued pursuant to Section 20 of the Electricity Act, Cap. 131)**

This Electricity System Operator Services Licence is hereby granted to..... with its registered office at for conducting electricity system operation services subject to the terms and conditions provided in the Appendix.

This licence shall be valid from this..... day of20..... and shall remain in force until

.....
Date of Issue
SEAL

Felix Ngamlagosi
Director General

Miriam Mahanyu
Secretary to the Board

APPENDIX

**TERMS AND CONDITIONS
FOR
A LICENCE OF ELECTRICITY SYSTEM OPERATOR**

1. Interpretation

In this licence, unless the context otherwise requires:

“Act” means the Electricity Act, Cap 131;

“Authority” means the Energy and Water Utilities Regulatory Authority established under Section 4 of the Energy and Water Utilities Regulatory Authority Act, Cap 414;

“Balancing Energy” means electricity which is activated by the Licensee for covering the deviation between the actual input or off-take of electricity and the contracted amounts of electricity, and for maintaining frequency in the power system within prescribed limits, (it differs from the regulation energy which is net balancing energy of all balancing groups in the control area that the System Operator must meet);

“Compliance Programme” means a programme required to be developed by the Licensee and approved by the Authority, in accordance with the Electricity Act, Cap. 131;

“Customer” means a person who receives system operation services from the licensee;

“generation licensee” means an entity licensed by the Authority to provide electricity generation services;

“Grid Code” means the technical and procedural rules and standards issued by the Authority on transmission and system operation;

“Licence” means a licence issued by the Authority to conduct electricity System operation services;

“Licensee” means the holder of this licence;

“Licensed Activity” means any activity that is ordinary and necessary to the provision of electricity System operations services;

“Licensed Facility” includes the buildings, ICT, Hardware and Software and associated equipment necessary for carrying out electricity System Operations;

“Prudent Electrical Supply Industry Practices” means the use of equipment, practices or methods, as required to comply with the applicable industry codes, standards, and regulation in Tanzania:

- (a) to protect the grid system, employees, agents and customers from malfunctions occurring at the power plant; and
- (b) to protect the power plant and the Licensees employees and agents at the power plant from malfunctions occurring on the grid system;

“Prudent Utility Practices” means those good and prudent practices, methods, and procedures which are attained by exercising that degree of skill, diligence, prudence, and foresight which would reasonably and ordinarily be expected from a skilled and experienced international generator of electricity engaged in the same or a similar type of undertaking or activity in Tanzania and under the same or similar circumstances and conditions to those pertaining in Tanzania and satisfying the health, safety and environmental standards of reputable international electric generating companies;

“Service Area” means an area specified in a licence in which a licensee is authorized by the Authority to conduct system operation activity either exclusively or together with others for a specified period of time;

“System Operation Services” means all services provided by the Licensee in order to provide safe and efficient transport of electricity in the transmission system, resolve interruptions in transport of electricity and maintain and re-establish the energy balance in the transmission system; and

“Tariff” means a charge, fee, price or rate charged for the provision of supply services as shall be approved by the Authority.

2. Authorisation

- 2.1 The Authority authorizes the Licensee subject to the provisions of the Act, the EWURA Act, relevant laws and these terms and conditions to provide Electricity System Operation Services to customers in the Service Area.
- 2.2 The licensee shall carry out all works related to its licensed activity, including engineering, construction of the licensed facility in accordance with the relevant laws and Prudent Electrical Industry Supply Practices.

3. Term

This licence shall be valid from this..... day of..... 20..... and shall remain in force for twenty (20) years unless revoked, renewed or extended by the Authority pursuant to these Terms and Conditions.

4. Modification

During the Licence term the Authority may, on its own motion or upon application by the Licensee, modify these Terms and Conditions pursuant to the provisions of the Act, the EWURA Act and rules issued by the Authority.

5. Transfer, Suspension and Revocation

This licence may be transferred, modified, suspended or revoked pursuant to the provisions of the Act, the EWURA Act and rules issued by the Authority.

6. Rights of the Licensee

During the term of the licence, the licensee shall be entitled to conduct licensed activity pursuant to the provisions of the Act, the EWURA Act, any relevant laws.

7. General Obligations of the Licensee

The licensee shall, at all times during the licence term, be obliged to:

- (a) provide reliable electricity system operations services to customers;
- (b) operate and maintain the licensed facility;
- (c) carry out all works related to the provision of electricity system operation services, including engineering, procurement, construction, rehabilitation, operation and maintenance of the Licensed Facility in accordance with Prudent Utility Practices;
- (d) comply with:
 - (i) orders and directions of the Authority;
 - (ii) relevant laws;
 - (iii) these Terms and Conditions; and
 - (iv) applicable codes and standards;
- (e) employ a sufficient number of qualified personnel to ensure that the conduct of its Licensed Activity complies with these Terms and Conditions and other relevant laws;
- (f) possess technical and financial capability, material and human resources, and organizational structure of its licensed activity;

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- (g) maintain a valid insurance cover to all assets which are in their ownership in accordance with the relevant laws;
 - (h) pay applicable fees;
 - (i) not engage in any activities that may disrupt or interfere with competition in an open market;
 - (j) submit to the Authority in a true and correct form all data and information the Authority may require;
 - (k) provide information about interconnection and transmission system maintenance plan and possible congestions, in accordance with relevant laws, rules and relevant Codes;
 - (l) submit progress report to the Authority on the status of activities being undertaken; and
 - (m) as soon as practicable, but in any event not more than thirty (30) days after it becomes aware of the fact, notify the Authority:
 - (i) if it is unable to conduct its licensed activity;
 - (ii) if the conduct of its licensed activity would or might lead to the breach of any of these terms and conditions or materially affect delivery of services to another licensee or customer; or
 - (iii) any material change in circumstance that adversely affects or may adversely affect performance of the licensed activity.

8. Technical Obligations of the Licensee

The licensee shall, at all times during the licence term, be obliged to:

- (a) maintain safe and secure operation of the electricity system;
- (b) regulate frequency and exchange of power;
- (c) secure electricity to cover losses in the transmission network and electricity required for ensuring system services under transparent, non-discriminatory and market principles;
- (d) enforce the Grid Code as required by the Electricity Act, Cap. 131 and rules issued by the Authority;

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- (e) take measures or actions in order to ensure nothing degrades reliability of the electricity system;
 - (f) ensure that an efficient system of meter readings for the purpose of electricity billing is established;
 - (g) provide third party access in an objective and non-discriminatory manner;
 - (h) provide priority of dispatch of electricity generated from renewable energy sources and/or indigenous sources;
 - (i) ensure that the licensed activity meets health, safety and environmental protection requirements and has adequate on-going environmental monitoring programs; and
 - (j) ensure that it establishes a compliance program, which sets out measures to be taken to ensure that non-discriminatory conducts of the market players is adequately monitored.

9. Commercial Obligations of the Licensee

The Licensee shall, at all times during the term of the Licence:

- (a) ensure that the tariff charged is designed to cover investment and operational costs which are incurred for performance of its licensed activity; and
- (b) ensure that the tariff charged comprise of:
 - (i) the tariff paid by customers for the services rendered; and
 - (ii) the tariff paid by generators for the services rendered.

10. Maintenance of Records, Provision and Disclosure of Information

The Licensee shall:

- (a) keep complete and accurate records and data related to its licensed activity; and
- (b) pursuant to the Authority's directions, promptly provide to the Authority documents, records or information related to its licensed activity as the Authority may lawfully require.

11. Confidential Information

- 11.1 Any information received by the Authority from the licensee pursuant to relevant law shall be presumed not to be confidential information.
- 11.2 The licensee shall not be entitled to withhold information from the Authority on the grounds that it is confidential information.
- 11.3 The licensee may request that the Authority not circulate specific data or information that it has provided to the Authority, provided, however that, only the Authority may determine that any information be confidential information.
- 11.4 In the event that the Authority makes a determination that information is confidential information, the Authority may limit or prohibit the publication of such information if the Authority determines that the commercial risk to any person outweighs the public's interest in having access to such information.

12. Environmental Protection

The licensee shall comply with all laws, regulations and standards applicable to environmental protection, health and safety.

13. Fines, Penalties and Remedial Measures

- 13.1 Penalties and remedial actions provided in applicable law shall be applicable for any contravention of the licence.
- 13.2 Notwithstanding the generality of Paragraph 13.1, where the Authority determines that the Licensee is in violation of any applicable law or the licence, it may subject to applicable law:
 - (a) issue a warning;
 - (b) increase the licensee's reporting requirements on any matter related to technical and financial performance or service quality;
 - (c) order the licensee to:
 - (i) pay a fine;
 - (ii) cease a specific activity;
 - (iii) stop operating the licensed facility;
 - (iv) submit a remedial plan; or

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- (v) direct its external auditor to report directly to the Authority;
 - (d) appoint and engage an external auditor at the licensee's expense;
 - (e) appoint an administrator to replace existing management;
 - (f) suspend the licence; or
 - (g) revoke the licence.

14. Codes and Standards

The licensee shall in the conduct of electricity system operations services comply with all applicable codes and performance standards issued by the Authority.

15. Planned Outages

The licensee shall provide details of proposed planned outages to the Authority in writing not less than ninety days before the occurrence of any planned outages.

16. Notification of Planned Outages

A licensee shall notify the Authority in writing in the event of a system operation service interruption for emergency repair that affects system operation services for more than 24 hours.

17. Notification of Service Interruption

17.1 Where a licensee intends to carry out preventive maintenance, replacement, restoration or any other construction that may lead to an interruption or reduction of system operations services, the licensee shall issue a public notice thereof, not less than two days prior to undertaking such activity.

17.2 The notice described under Paragraph 17.1 shall include the date and hour of service interruption and the date and hour of intended restoration.

18. Licensed Facility Decommissioning Plan

The licensee shall not less than six months prior to the expiry of the term of a licence and in the absence of any extension to its term or application for a renewal, submit to the Authority for its approval a licensed facility decommissioning plan that includes:

- (a) a schedule of dismantling, re-exportation, if any, and disposal of balance of the licensed facility; and
- (b) a method statement for restoration of the land and surroundings to their original state and to the satisfaction of all responsible authorities.

19. Notices

- 19.1 Any correspondence or notice to be given under any of these terms and conditions shall be in writing and shall be deemed to have been properly served if hand-delivered or sent by registered mail or transmitted by facsimile (and received the sender's transmission report) to the relevant party at the address set out below or such other address as that party may from time to time specify in writing to the other:

The Licensee:

Chief Executive Officer,
[Insert Name of the Company,]
[Insert physical and postal address,]
Telephone: [Insert landline number]
Facsimile: [Insert landline number]

The Authority:

Director General,
Energy and Water Utilities Regulatory Authority,
6th Floor, Harbour View Towers,
Samora Avenue,
P. O. Box 72175,
DAR ES SALAAM, TANZANIA
Telephone: +255 (22) 22123850/3/4/6
Facsimile: +255 (22) 22123180

19.2 Any notice given under the provisions of paragraph 19.1 shall be deemed to have been duly served and received:

- (a) at the actual time of delivery, if delivered personally;
- (b) ten working days subsequent to the date of postage, if sent by registered mail; and
- (c) at the time of receipt, if transmitted by facsimile where there is confirmation of uninterrupted transmission by a transmission report and provided that the original of the notice is then delivered personally or sent by registered mail as soon as reasonably practicable.