



PUBLIC UTILITIES COMMISSION OF SRI LANKA

Electricity Generation Licence

Granted to

[Name of the Licensee]

in respect of

[Plant(s) Name(s)]

Licence No: [.....]

[Effective Date]

TABLE OF CONTENTS

PART I	TERMS OF THE LICENCE	1
	1. <i>Grant of the Licence</i>	1
	2. <i>Modifications of the Licence</i>	1
	3. <i>Approvals</i>	1
	4. <i>Term of the Licence</i>	1
	5. <i>Revocation of the Licence</i>	1
	6. <i>Surrender of the Licence</i>	1
	7. <i>Extension of the Licence</i>	2
PART II	GENERAL CONDITIONS OF THE LICENCE	3
	1. <i>Interpretation and construction</i>	3
	2. <i>Authorised Business Activities</i>	5
	3. <i>Provision of Information to the Commission</i>	5
	4. <i>Decisions, Orders, Directions and Determinations of the Commission</i>	6
	5. <i>Development of and compliance with technical and operational codes</i>	6
	6. <i>Other agreements</i>	7
	7. <i>Plant and equipment</i>	7
	8. <i>Not Used</i>	7
	9. <i>Not Used</i>	7
	10. <i>Prohibited activities</i>	8
	11. <i>Payment of levy</i>	8
	12. <i>Assignment of the Licence and transfer of the Generation Business</i>	8
	13. <i>Not Used</i>	9
	14. <i>Revocation of Licence</i>	9
	15. <i>Environment</i>	10
	16. <i>Health and safety</i>	10
	17. <i>Insurance</i>	10
	18. <i>Power Purchase Agreement(s)</i>	11
	19. <i>Not Used</i>	11
	20. <i>Not Used</i>	11
	21. <i>Disputes resolution</i>	11
	22. <i>Notices</i>	11
	Schedule - Electrical Plant(s)	13

PART I TERMS OF THE LICENCE

1. Grant of the Licence

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the "**Commission**"), in exercise of the powers conferred by Section 13(1)(c)(i)(a) of the Sri Lanka Electricity Act, No. 20 of 2009 (hereinafter referred to as the "**Act**") hereby grants to **[Name of the Licensee]** (hereinafter referred to as the "**Licensee**") a licence to generate electricity at the Generation Plant(s) identified in the Schedule during the period specified in Term 4 (hereinafter referred to as the "**Licence**"), subject to the Conditions (hereinafter referred to as the "**Conditions**") set out in Part II.

2. Modifications of the Licence

The Terms and Conditions of this Licence are subject to Modification in accordance with the Terms and Conditions contained herein or with Sections 32 or 33 of the Act.

3. Approvals

The Licensee shall obtain all the approvals required under applicable Laws, Regulations and Rules necessary to carry out the Generation Business prior to the commencement of the Generation Business.

4. Term of the Licence

The Licence hereby granted shall come into force on **[Effective Date]** and, unless revoked or surrendered in accordance with the provisions of Term 5 or 6 below, shall continue in full force and effect for a period of twenty (20) years or where this Licence relates to more than one Generation Plant, such date(s) as may be specified in the Schedule.

5. Revocation of the Licence

This Licence shall be revoked by the Commission in accordance with Section 20 of the Act and Condition 14 of this Licence.

6. Surrender of the Licence

This Licence may be surrendered by the Licensee with the written consent of the Commission.

7. Extension of the Licence

On or before the date, one (1) year prior to the date on which this Licence cease to be in force, the Licensee may apply for an extension of this Licence in accordance with Chapter III Part I of the Act.

Sealed with the common seal of the Public Utilities Commission of Sri Lanka on 2009.

Member of Commission

Member of Commission

PART II GENERAL CONDITIONS OF THE LICENCE

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions or the Schedule shall be construed as if they were in an enactment and the Interpretation Acts applied to them; and
 - (b) references to an enactment shall include primary and subordinate legislation and, in both cases, any Modification or re-enactment thereof after the date when this Licence comes into force.

2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedule.

3. In the Conditions and in the Schedule, unless otherwise specified or the context otherwise requires:

- | | |
|----------------------------------|--|
| "Approved" | for the purposes of Condition 5, means approved by the Commission in accordance with Section 3(1)(c) of the Act, and "Approval" shall have a corresponding meaning; |
| "Ancillary Services" | has the meaning corresponding with that in Power Purchase Agreements; |
| "Electricity Undertaking" | means any person engaged in the generation, transmission, distribution or supply of electricity; |
| "Generation Business" | means the licensed business of the Licensee and any Subsidiary or Related Undertaking of the Licensee engaged in the generation of electricity; |
| "Generation Licence" | means a licence granted under Section 13(1)(c)(i)(a) of the Act; |
| "Generation Plant" | means any plant, equipment, apparatus or appliance used for or for purposes connected with the generation of electricity; |

"Levy Order"	means an order made by the Commission under Section 46(1) of the Act.
"Modification"	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
"Power Purchase Agreement"	means a contract for the provision of the whole or any part of the available capacity and/or the sale or other disposal of the whole or any part of the output of a Generation Plant or combination of Generation Plants;
"PUCSL Act"	means the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002;
"Related Undertaking"	means any related undertaking within the meaning of the Companies Act, No. 7 of 2007;
"Subsidiary"	has the meaning given in the Companies Act, No. 7 of 2007;
"Transmission Licensee"	means the holder of a licence to transmit electricity under Section 13(1)(c)(i)(b) of the Act; and

4. Unless otherwise specified:
 - (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in this Licence;
 - (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs; and
 - (c) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this Licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.
5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Licensee is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the

Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).

7. If there is any inconsistency between this Licence and the Act, the Act shall prevail to the extent of any such inconsistency. Conditions set out in the Act shall form integral part of the Licence in addition to Conditions set out herein.

Condition 2: Authorised Business Activities

1. The Licensee shall conduct the Generation Business using the Generation Plant(s) identified in the Schedule and may, subject to approval by the Commission and conditions which may be imposed by the Commission in granting such approval, conduct business activities that:
 - (a) use an existing competency of the Licensee; and
 - (b) are compatible and integrate with the Generation Business.
2. This Condition shall not prevent the Licensee from engaging in any business, undertaking or activity:
 - (a) that is essential to the conduct of the Generation Business or a business approved by the Commission pursuant to paragraph 1; or
 - (b) that was already conducted by the Licensee before the date on which this Licence comes into force.
3. The Commission may, upon application by the Licensee, relieve the Licensee from its obligations under this Condition in relation to any particular case to such extent and subject to such terms and conditions as the Commission may specify in writing.

Condition 3: Provision of Information to the Commission

1. The Licensee shall furnish to the Commission, in such manner and at such times as the Commission may require, such Information and shall procure and furnish to it such reports as the Commission may consider necessary 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 or the PUCSL Act.
2. The power of the Commission to call for Information under paragraph 1 is without prejudice to the power of the Commission to call for Information under or pursuant to any other Condition of this Licence or under or pursuant to the Act, the PUCSL Act or any other enactment.

3. The Licensee within one month of obtaining the Licence shall appoint a person in its organisation, who is responsible for its Generation Business and inform the Commission of the appointment and of any subsequent change of the appointed person, during the term of the Licence.

4. In this Condition:

"**Information**" shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

Condition 4: Decisions, Orders, Directions and Determinations of the Commission

1. The Licensee shall comply with any decisions, orders, directions and determinations made by the Commission pursuant to the Act and the Licence.
2. Subject to the provisions of the Act any costs associated with compliance with such orders, directions and determinations shall be the responsibility of the Licensee.
3. In order to comply with any order or direction made by the Commission in accordance with Section 38 of the Act, the Licensee shall allow the Commission or any other authority or person specified in the order such access to or control of its property as the Commission requires.

Condition 5: Development of and compliance with technical and operational codes

1. At the request of the Commission the Licensee shall, in consultation with any Electricity Undertakings the Commission consider appropriate, develop and implement such technical and operational codes as the Commission may direct, from time to time.
2. Any technical and operational codes developed pursuant to paragraph 1 shall be submitted to the Commission for Approval before they may be implemented.
3. The Licensee may propose Modifications to a code that is in force at the relevant time by notifying the Commission of its proposal in accordance with the code Modification process set out in the relevant code.
4. The Licensee shall give or send a copy of all Approved technical and operational codes (and any revisions thereto) developed and implemented by the Licensee pursuant to this Condition to:
 - (a) the Commission; and
 - (b) any person requesting the same.

5. The Licensee may make a charge for any copy of any code given or sent pursuant to paragraph 4(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Commission.
6. The Licensee shall comply with the provisions of any Approved technical and operational codes which are specified therein as applicable to it.
7. The Commission may, following consultation in relevant circumstances with any Electricity Undertakings the Commission shall consider appropriate, issue directions relieving the Licensee of its obligation under paragraph 6 in respect of such part or parts of any Approved technical and operational codes to such extent as may be specified in those directions and subject to such terms and conditions as the Commission may determine.
8. The Licensee shall comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical and operational codes are available.

Condition 6: Other agreements

1. In accordance with Section 15(2)(f) of the Act, the Licensee shall enter into any agreements with other persons it is directed to by the Commission, including tariff and connection agreements with the relevant licensees.
2. The Licensee shall be required to participate in the preparation of any agreement which it has been directed to enter into by the Commission.
3. If, after a period which appears to the Commission to be reasonable for the purpose, the Licensee has failed to enter into an agreement it has been directed to by the Commission, the Commission shall, on the application of such person or the Licensee, settle any terms of the agreement in dispute between the Licensee and the person in question in such manner as appears to the Commission to be reasonable.

Condition 7: Plant and equipment

1. The Licensee shall develop and maintain Generation Plant(s) and all other plants, equipments & structures required for power generation owned by the Licensee for the Generation Plant(s) identified in the Schedule to ensure that they are operated in an efficient and reliable manner.

Condition 8: Not Used

Condition 9: Not Used

Condition 10: Prohibited activities

1. The Licensee shall not, and shall ensure that any Subsidiary or Related Undertaking of the Licensee shall not:
 - (a) operate any new Generation Plant, or extend any Generation Plant identified in the Schedule, except as authorized by the Commission in accordance with Section 43 of the Act;
 - (b) install or keep installed an electric line above or below the ground, except as provided for in Section 44(2) of the Act or otherwise consented to by the Commission;
 - (c) sell electricity generated by it other than to a Transmission Licensee; or
 - (d) engage in the transmission, distribution or supply of electricity to any premises;in Sri Lanka.

Condition 11: Payment of levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order.
2. The levy referred to in paragraph 1 for any year shall be paid by the Licensee to the Commission before the 30th day of June in that year, except in the case where the first issuance of this Licence occurs after 30th June of the relevant year, in which case the levy shall be paid by the Licensee to the Commission within 30 days of such first issue date.
3. Without prejudice to the other powers of the Commission under this Licence or the Act, where the Licensee fails to pay the levy in accordance with paragraphs 1 and 2 above, the Commission shall take action in accordance with Section 46 of the Act.

Condition 12: Assignment of the Licence and transfer of the Generation Business

1. The Licensee shall not, without the prior written consent of the Commission and of the Minister, assign this Licence either in whole or in part.
2. The Licensee shall not, without the prior written consent of the Commission, transfer to another person (the "Transferee") all or any part of the Generation Business carried out under this Licence.
3. Any consent of the Commission to any assignment of this Licence or transfer of the Generation Business shall be subject to the Commission being satisfied that the assignee or Transferee, as the case may be, will have the technical and financial capability to comply with

the Conditions of this Licence and, in the case of a transfer only, the Transferee being granted a Generation Licence, and may be subject to compliance by the assignee or Transferee, as the case may be, with any other matters determined by the Commission to be necessary, including the Modification of this Licence in accordance with the Act where deemed necessary by the Commission

4. Nothing in this Condition shall prevent the Licensee transferring the Generation Business to an assignee where the Commission and the Minister has consented to such assignment, provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 13: Not Used

Condition 14: Revocation of Licence

1. The Commission may revoke this Licence in accordance with Section 20 of the Act in the following circumstances:
 - (a) if the Licensee agrees in writing with the Commission that this Licence should be revoked;
 - (b) if any amount payable under a Levy Order referred to in Condition 11 is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Commission has given the Licensee notice in writing that the payment is overdue; provided that no such notice shall be given earlier than the 16th day after the day on which the amount payable became due;
 - (c) if the Licensee fails to comply with an enforcement order issued by the Commission under Section 34 of the Act within 60 days from the date of its issue or such longer period as the Commission may specify in the enforcement order;
 - (d) if the Licensee ceases to carry on the Generation Business for a continuous period of 6 months except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Licensee, in which case the Commission shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;
 - (e) if the Licensee has not commenced carrying on the Generation Business within 6 months of the date this Licence comes into force or the first date when a Generation Plant listed in the Schedule successfully passes its Commissioning tests, whichever is the later, except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Licensee, in which case the Commission

shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;

- (f) if the Licensee is in persistent breach of any Power Purchase Agreement to which it is a party or if any Power Purchase Agreement to which the Licensee is a party is terminated for whatever reason; or
- (g) if it is found that the issue of this Licence had been based on information provided by the Licensee which is materially inaccurate or incorrect.

Condition 15: Environment

1. The Licensee shall comply with all applicable Environmental Laws in Sri Lanka, subject to any exemptions or grace periods which may be granted to the Licensee under such Environmental Laws for compliance.
2. The Licensee shall, not later than such date as the Commission may specify in writing and in consultation with the Commission, prepare and, from time to time, modify a written policy setting out the manner in which the Licensee proposes to comply with its duties and obligations under all applicable Environmental Laws.
3. The Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify in writing.
4. For the purposes of this Licence, "**Environmental Laws**" means those laws which are, from time to time, in force whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, but shall not be limited to, the National Environment Act, No. 47 of 1980 and all relevant legislation relating to the assessment of environmental impacts and the protection of air, land and water.

Condition 16: Health and safety

1. The Licensee shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Licensee when carrying out the Generation Business.

Condition 17: Insurance

1. The Licensee shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Generation Business.

Condition 18: Power Purchase Agreement(s)

1. The Licensee shall provide electricity generation capacity and output from its Generation Plants to the Transmission Licensee under a standard Power Purchase Agreement with the Transmission Licensee.
2. The standard Power Purchase Agreements between generation and Transmission Licensees shall be enforced by the Commission in accordance with the relevant regulations.
3. The Commission may grant permission to the Licensee to sell electricity and Ancillary Services to the Transmission Licensee based on tariff rates determined in accordance with the methodology approved by the Commission.
4. The permission under Paragraph 3 shall be granted for a specific period of time as determined by the Commission.

Condition 19: Not Used

Condition 20: Not Used

Condition 21: Disputes resolution

1. The Licensee shall, in respect of a dispute between itself and (i) another licensee, or (ii) any other affected party which it is unable to resolve, in accordance with the rules made by the Commission under the PUCSL Act refer the dispute to the Commission for resolution in accordance with such rules or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995.

Condition 22: Notices

1. All notices and other communications given or made under this Licence shall be in writing.
2. Any such notice or other communication shall be addressed as provided in paragraph 3 and, if so addressed, shall be deemed to have been duly given or made as follows:
 - i) if mailed by certified or registered mail, ten (10) Business Days after mailing;
 - ii) if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier;
 - iii) if sent via facsimile, upon dispatch with receipt of confirmation of transmittal, or
 - iv) If sent by personal delivery, upon delivery at the address of the Commission or Licensee.

Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

3. The relevant addressee, address and facsimile number of the Commission and Licensee for the purpose of this Licence, are:

<p>Commission</p> <p>Director General Public Utilities Commission of Sri Lanka Level 06, BOC Merchant Tower 28, St. Michael's Road Colombo 03.</p> <p>Tel: (011) 2392607/8 Fax: (011) 2392641</p>
<p>Licensee</p> <p>[Name of Contact Person] [Mailing Address]</p> <p>Tel: Fax:</p>

4. The Licensee shall notify the Commission of any change of the address provided in paragraph 3, within fourteen (14) days of such change.

Schedule - Generation Plant(s)

This Licence applies to the generation of electricity from the following generation plant(s):

Name of the Generation Plant	Location	Capacity (MW)	Licence Termination Date	Commercial Operation Date
[Name of Plant]	[Village, City, DS Division, District]	[.....]	[termination date]	[commissioning date]