

TO SUPPLY ELECTRICITY FOR PUBLIC PURPOSES

GRANTED TO

GUYANA POWER & LIGHT, INC.

UNDER

SECTIONS 4 AND 42 (3) (c) OF THE ELECTRICITY
SECTOR REFORM ACT 1999 (NO. 11 OF 1999)

ISSUED EFFECTIVE
OCTOBER 1, 1999

1. Grant of Licence. The Minister with responsibility for the electricity sector (the "Minister"), in the exercise of the powers conferred on him by sections 4 and 42 (3) (c) of the Electricity Sector Reform Act, No. 11 of 1999, and of all other powers exercisable by him for that purpose, hereby grants to Guyana Power & Light, Inc. (the "Licensee") a Licence, for the period specified in paragraph 5 and subject to the terms and conditions, specified herein and in the Schedules hereto, to supply electricity for public purposes in the area set forth in paragraph 2 (the "Authorised Area"), and authorises the Licensee to perform all or any of the following activities and services throughout the Authorised Area:
- (a) the generation of electricity, except the generation of electricity through hydropower;
 - (b) the transmission, distribution, storage, furnishing and sale of electricity;
 - (c) the purchase of electricity in accordance with power purchase agreements between the Licensee and independent power producers;
 - (d) the supply, erection, maintenance, repair, removal, replacement and operation of meters, electric lines and other electric apparatuses, installations and facilities necessary to carry out the activities and services authorised by this Licence;

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SECRETARY'S OFFICE

PUBLIC UTILITIES COMMISSION

(e) the use or rental of the Licensee's structures, wayleaves, easements, rights-of-way and other facilities for running or operation of telecommunications lines or other purposes.

2. Authorised Area. The Authorised Area shall consist of the Co-operative Republic of Guyana ("Guyana") including its territorial waters and lands and structures lying therein, but shall not include:

- (a) the Linden/McKenzie area currently being served by the Linden Electricity Co-operative and Linden Mining Enterprises Limited until such time as the Licensee acquires the assets and takes over the supply of electricity from such suppliers pursuant to paragraph 14(b); or
- (b) any areas which are the subject of a licence granted by the Minister to another public supplier in accordance with paragraph 18 until such time as the Licensee should re-assume responsibility for any such area pursuant to paragraph 18; or
- (c) any area which as of the Effective Date is being served by another supplier who is operating transmission and distribution facilities which are not interconnected with the generation, transmission and distribution facilities of the Licensee, provided that such supplier has obtained an exemption in an order from the Minister in accordance with section 3(3) of the Act, which order will include the requirements contained in paragraph 14(a). Any such area shall automatically become part of the Authorized Area upon the acquisition of such other suppliers' assets in accordance with paragraph 14 (a).

3. Governing Laws. Except to the extent expressly varied herein, this Licence is subject to --

- (a) the Electricity Sector Reform Act, No. 11 of 1999 (the "Act");
- (b) the Public Utilities Commission Act, No. 10 of 1999 (the "PUC Act");
- (c) the Guyana Energy Agency Act, No. 31 of 1997;
- (d) the Environmental Protection Act 1996, No. 11 of 1996;
- (e) any other applicable law or regulation of Guyana,

and to the terms and conditions set forth in the Schedules to this Licence which are incorporated into and are a part of this Licence. Unless specified otherwise, terms defined in the Act have the same meaning when used herein.

4. Effective Date. The effective date of this Licence shall be October 1, 1999 (the "Effective Date").

5. Terms of Non-Exclusivity/Exclusivity and Term of Licence. This Licence --

- (a) with respect to the activities and services set forth in paragraph 1 (a), and subject to paragraph 15, shall be a non-exclusive licence within the Authorised Area from the Effective Date until 11:59 p.m. on the day which is twenty-five (25) years after the Effective Date; and
- (b) with respect to the activities and services set forth in paragraphs 1 (b), (c), (d) and (e), and subject to paragraph 18, shall be an exclusive licence within the Authorised Area from the Effective Date until 11:59 p.m. on the day which is twenty-five (25) years after the Effective Date,

unless extended in accordance with paragraph 7.

6. Modification. The terms and conditions of this Licence are subject to modification or amendment in accordance with section 13 of the Act.

7. Extensions. At any time after the end of the fifteenth year of the term of this Licence, and prior to the end of the twenty-fourth year, the Licensee may apply to the Minister for an extension of the term of this Licence. Within 120 days after receipt of such application, the Minister shall notify the Licensee of the Government's willingness to negotiate an extension of the term of this Licence. Provided that the Licensee is not in material breach of the terms of the Licence, the Minister shall extend the Licence for a period not to exceed fifteen years beyond its prior term upon terms and conditions acceptable to the Minister and the Licensee and in accordance with the procedures set forth in Section 14 of the Act. If the Minister is unwilling to extend the term, or is unable to agree with the Licensee upon acceptable terms for an extension, this Licence shall continue in force to the end of the existing term, unless terminated earlier by revocation in accordance with paragraph 8 hereof.

8. Revocation.

- (a) Subject to the procedures and criteria set forth in the Act, the Minister may, acting reasonably, revoke this Licence upon the following grounds:
 - (i) any ground set forth in section 16 (1) of the Act (except the ground set forth in section 16 (1) (b), which applies to the supply of electricity for private purposes);
 - (ii) a material violation of the laws and regulations set forth in paragraph 3.
- (b) The mechanism for revocation set forth in this paragraph and section 16 of the Act and the purchase of the undertaking of the Licensee under paragraph 9, and the Licensee's obligations under paragraph 9 (b), shall be in lieu of the powers of the



Commission under section 68 of the PUC Act and of the Commission and the High Court under section 69 of the PUC Act, and those sections of the PUC Act shall not apply to the undertaking of the Licensee.

- (c) Notwithstanding the authority of the Minister to suspend a licence as an alternative to revocation pursuant to the Act and the PUC Act, this Licence shall not be suspended.

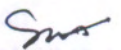
9. Sale to the Government, or Its Designee, upon Termination or Revocation.

- (a) Where the Minister declines to extend the term of this Licence pursuant to paragraph 7 or revokes this Licence pursuant to paragraph 8 or Section 16 of the Act, and where any appeal of the Minister's decision under the Act has been finally determined confirming the Minister's decision, the Government, or its designee, shall purchase the undertaking of the Licensee under the procedures set forth in, and at a price to be determined in accordance with, subparagraphs (c) through (g) below.
- (b) Pending the determination of a purchase price for the Licensee's undertaking in accordance with this paragraph, the Government may by written notice to the Licensee, require the Licensee to deliver, and thereupon the Licensee shall deliver, on the date specified in such notice, its undertaking, including all works, to the Government, or its designee. If the Government does not require the Licensee to deliver its undertaking, the rights and obligations set forth in this Licence shall be deemed to remain in full force and effect, and the Licensee shall continue to supply electricity as required herein, until such time as the purchase price is paid in full by the Government, or its designee, to the Licensee as provided for in subparagraph (g).
- (c) Not later than 180 days prior to the end of the term due to non-extension, or within 10 days after the Minister's or, if applicable, the Court's decision referenced in subparagraph (a), above, the Government, or its designee (as the case may be), and the Licensee shall agree upon an independent and qualified valuator (the "Valuator") to determine the fair market value of the Licensee's undertaking.
- (d) Within 10 days after the deadline in subparagraph (c), if the Government, or its designee, and the Licensee have not agreed upon the selection of the Valuator, the Government, or its designee, and the Licensee shall each appoint an independent and qualified arbitrator, and the two arbitrators so appointed shall, within 20 days of their appointment, appoint a third arbitrator, who shall act as the Chairman of the arbitration panel. If one party fails to appoint an arbitrator within 20 days of becoming required to do so, the arbitrator selected by the other party shall act as the sole arbitrator for the purposes of selecting the Valuator. In case the two arbitrators cannot agree upon the appointment of a third arbitrator, the third



arbitrator shall be appointed by the Chancellor of the Judiciary within 20 days of being entitled to do so. The arbitration panel or sole arbitrator, as the case may be, shall appoint the Valuator within 30 days of being appointed. The decision of the arbitration panel or sole arbitrator shall be final and binding upon the Government, or its designee, and the Licensee. A majority decision of the arbitration panel is required to appoint the Valuator. The reference to arbitration in this paragraph shall be deemed to be a submission within the meaning of the Arbitration Act, which, except as expressly varied by this paragraph, shall apply to such arbitration. The situs of the arbitration shall be Guyana, and the governing law of the arbitration shall be the law of Guyana.

- (e) For purposes of this paragraph, fair market value means, and shall be determined by the Valuator as, the value of the net assets sold, whether of the various equity shares of the undertaking or of the undertaking itself, in an open and unrestricted market immediately prior to the Minister's service of notice of the revocation or non-extension of the Licence, and determined without reference to any minority or controlling interests that may exist, and without reference to the non-extension or revocation of the Licence, so as to provide a comprehensive value determined with reference to the capitalization of future earnings of the undertaking as a going concern, or with reference to the net fair value of all assets and liabilities of the undertaking, whichever is greater.
- (f) Within 90 days of the selection or appointment of the Valuator, the Valuator shall prepare and submit to the Government, and, if applicable, its designee, and to the Licensee a report on the fair market value of the undertaking of the Licensee (the "Report"), which Report shall be prepared in accordance with subparagraph (e) and shall determine the purchase price to be paid in U.S. dollars by the Government, or its designee, to the Licensee for the undertaking of the Licensee.
- (g) Within 120 days of the submission of the Valuator's Report, the Government, or its designee, shall pay the purchase price as determined by the Valuator in full in U.S. dollars, and, if the Government has required the Licensee to deliver its undertaking to the Government or its designee as provided in subparagraph (b), plus interest at a rate per annum equal to the prime lending rate charged for loans in United States dollars in Guyana by the Bank of Nova Scotia in Guyana, plus one percent (1%), from the date of such delivery to the date of payment of the purchase price. In the event that the Bank of Nova Scotia does not have an office in Guyana at the time that the Government has required the Licensee to deliver its undertaking to the Government or its designee, the prime lending rate for loans in United States dollars in Guyana of another prominent Canadian, United States or International bank or other bank selected by the Minister and the Licensee with an office in Guyana shall be utilised for the calculation of interest payable to the Licensee under this subparagraph.



- (h) The reasonable expenses incurred in determining the fair market value of the undertaking of the Licensee, including the costs of any arbitration under subparagraph (d) and the costs of preparing the Valuator's Report, shall be borne by the Government, or its designee (as the case may be), and the Licensee equally.
- (i) Any dispute or difference regarding the matters provided for in this paragraph (other than a dispute concerning the appointment of a Valuator) shall be determined by arbitration in the manner provided in section 64 (2) of the Act.

10. Duty to Provide a Universal Supply of Electricity within the Authorised Area. Subject to section 24 of the Act and recognising the need to protect consumers from undue rate increases as a result of the cost of new services, the Licensee shall provide a supply of electricity to every person who requests such supply, which supply shall be made available in accordance with the Licensee's Standard Terms and Conditions, including any requirements therein (and in the Third Schedule of the Act) for a security deposit or customer contribution, and (as to any matter not included in the Standard Terms and Conditions) the Third Schedule of the Act.

11. Standard Terms and Conditions. The Standard Terms and Conditions attached hereto as the Fourth Schedule shall be in lieu of sections 22, 23 and 26 (4) and the Third Schedule of the Act as to all matters included in the Standard Terms and Conditions. The Standard Terms and Conditions may be amended from time to time by the Licensee with the prior approval of the Commission.

12. Rates.

- (a) From the Effective Date to January 1, 2001, the headline rates and the actual rates to be charged by the Licensee to consumers for the supply of electricity and for services shall be those determined in accordance with the Second Schedule of the Act.
- (b) After January 1, 2001, the First Schedule of the Act and the First Schedule of this Licence shall govern the rates for the supply of electricity and for services at any time charged and to be charged by the Licensee, and the mechanisms, formulae, principles and procedures whereby such rates shall be calculated and determined for all purposes under the Act and the PUC Act.
- (c) Subsequent to the implementation of the rate re-balancing between consumer categories effected through the operation of the Second Schedule of the Act, but subject to the approval of the Commission, the Licensee shall have the right to review and amend the rates for the supply of electricity and for services in order to ensure that, in the long term, the rates are consistent with the economic cost of service to each class of consumers (the "full economic rates"). Any such amendments proposed by the Licensee will: (i) be based on implementation in a

transitional manner over a reasonable period which allows rates to be increased or decreased to full economic rates; (ii) after January 1, 2001, any such increases will be subject to a 5% maximum increase for any consumer or class of consumers in any one year over and above any general increase or decrease in rates resulting from the application of the First Schedule of this Licence; (iii) reflect a principle of gross revenue neutrality, such that the rate adjustments to achieve full economic rates will be designed to result in the same annual gross revenue for the Licensee from all rate categories collectively as would have been the case if only the general increase or decrease in rates resulting from application of the First Schedule of this Licence had been implemented; and (iv) be supported by the results of a cost of service and rate design study prepared by an independent consultant, which consultant shall be chosen by the Commission from a list of three internationally recognized consultants with experience in such matters, which list shall be provided to the Commission by the Licensee, and the Licensee shall bear the cost of the independent consultant's preparation of the study, and such costs shall be included in the Licensee's allowable expenses for rate-setting purposes.

- (d) For purposes of implementing any transitional rates charged to consumers in areas that are newly brought into the Authorized Area, the Licensee shall not be required to charge a rate to any such consumers or class of consumers for any service provided by the Licensee that is uniform with the rates charged by the Licensee to consumers or classes of consumers to which the Licensee is already providing electricity; provided, however, that the Licensee shall not charge a rate to any consumer or class of consumers which is unduly preferential or discriminatory. The Licensee and the Government shall enter into mutually acceptable agreements for cases in which such transitional rates are to be charged by the Licensee, including transitional subsidies (if any) that may be provided by the Government pending the transition to charging the new consumers the rates determined in accordance with this Licence and the Act.
- (e) The Licensee shall have the right to establish new rates for the attraction or retention of any one consumer or class of consumers provided that the new rates shall not be less than the Licensee's marginal cost of supply. Any such agreements or rates shall require the prior approval of the Commission pursuant to section 29 of the Act, which approval shall not be unreasonably withheld. If the Licensee requests approval of any such agreement or rate and the Commission does not grant its approval, or if the Commission grants its approval of a modified version unacceptable to the Licensee, the Licensee may retract the request, and there will be no change to the previously existing rates.

13. Billing. Notwithstanding section 51 of the PUC Act, the Licensee's frequency of billing shall be as provided in the Fourth Schedule to this License.

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14. Acquisition of Assets of Other Suppliers; Power Purchase Agreement with Linden Power Company, Inc.; Supply of Electricity by Other Suppliers.

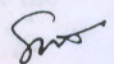
- (a) Where the Minister has issued an exemption order to another supplier as described in paragraph 2(c), the Licensee shall negotiate in good faith with such supplier to acquire the transmission and distribution assets at fair market value with a view to taking over that supplier's transmission and distribution activities. Pending the Licensee's acquisition of such assets and its assumption of such transmission and distribution activities, those suppliers may continue providing the transmission and distribution services that they were providing prior to the issuance of this Licence. It shall be a condition of any exemption order issued by the Minister to any such supplier, that the Licensee shall have a right of first refusal with respect to any proposed transfer, sale, assignment or other disposition of the transmission and distribution assets of such supplier which are used to supply electricity to other consumers.
- (b) Within 24 months after the Effective Date, the Licensee shall acquire the assets required for the transmission, distribution and supply of electricity in the Linden/McKenzie area currently being served by the Linden Electricity Co-operative (the "Co-operative") and Linden Mining Enterprises Limited ("Linmine"). The terms of the acquisition of such assets shall be as agreed between the Licensee and each of the Co-operative and Linmine. If, within 15 months after the Effective Date, the Licensee and the Co-operative and/or Linmine have not reached agreement on the terms of the acquisition, an independent valuator will be jointly appointed by the Licensee and the Co-operative and/or by the Licensee and Linmine. If, within the thirty-day period following the end of the fifteen month period referred to in the foregoing sentence, the Licensee and the Co-operative and/or the Licensee and Linmine cannot agree on an independent valuator, the Minister shall, within a further thirty-day period, appoint a qualified, independent valuator. The independent valuator will determine a reasonable price for the assets of the Co-operative and/or Linmine required for the Licensee's transmission, distribution and supply of electricity in the Linden/McKenzie area and the other terms of the acquisition. The Licensee will have the option of offering to purchase at the price and on the other terms determined by the independent valuator, or declining to do so. If the Licensee makes a purchase offer based on the price and other terms determined by the independent valuator, and the Co-operative and/or Linmine accept that offer, the Licensee's purchase of the assets will be concluded on those terms. If the Co-operative and/or Linmine decline the Licensee's offer, or if the Licensee declines to make an offer on the terms determined by the independent valuator, the Licensee will forfeit the Linden/McKenzie area and the rest of Region 10 as part of the Authorised Area, and the Co-operative and/or Linmine will be free to sell their transmission, distribution and other supply assets to another public supplier at the same or a higher price as the price determined by the independent valuator. If the Co-

operative and/or Linmine cannot conclude a transaction with another public supplier at the same or a higher price for the assets, then negotiations may be reopened with the Licensee for its purchase of the Co-operative's and/or Linmine's assets.

- (c) As provided in section 47 of the Electricity Sector Reform Act 1997 and section 47 of the Act, the Minister has granted a licence to the Linden Power Company Inc. ("LPC") for the Linden Generation Facilities. Prior to or concurrent with the Licensee's acquisition of the transmission and distribution assets from the Cooperative and Linmine as provided in subparagraph (b), the Licensee shall enter into a power purchase agreement with LPC provided that the terms and conditions of the power purchase agreement are acceptable to the Licensee and LPC and are approved by the Public Utilities Commission (the "Commission").
- (d) The rates to be charged by the Licensee to consumers in the Linden/McKenzie area shall be based on the rates in effect at the time determined in accordance with this Licence and the Act, provided that the Government may choose to provide a transitional subsidy through a separate agreement with the Licensee.
- (e) The Licensee's rights hereunder are subject to section 4 (1) (b) of the Act.
- (f) It shall be a condition of any license or exemption issued to a private supplier under, respectively, section 4 or section 3 of the Act, which license or exemption permits the private supplier to supply electricity to any other person, that at such time as the Licensee may extend the supply of electricity to such other persons, such private supplier shall cease supplying electricity to such other persons.

15. Generation of Electricity.

- (a) The Licensee is authorised to purchase electricity from independent power producers for resale to the public, provided that the terms of the power purchase agreements between such independent power producers and the Licensee have been approved by the Commission and such independent power producers are licensed to generate electricity for sale to a public supplier under section 4 (1) (c) of the Act.
- (b) Notwithstanding section 48 of the Act, during the first five years after the Effective Date the Minister's consent shall only be required prior to the Licensee's installation of any new or replacement generation capacity of a size greater than 25 megawatts. After the first five years, the Minister's consent shall only be required prior to the Licensee's installation or replacement of any new or replacement generation capacity of size greater than 25 megawatts. For greater certainty, the exercise of the discretion of the Minister under section 48 of the Act in relation to



any installation of new or replacement generation capacity which requires consent shall be limited to a consideration of the national energy policy of Guyana.

- (c) Notwithstanding section 20 (2) of the Act, the Licensee shall not be required to facilitate competition in the generation of electricity during the first five years after the Effective Date, but during such five-year period the Licensee shall use good faith efforts to add to and/or replace generation capacity in the system in accordance with the provisions of subparagraphs (d) and (e). After the initial five-year period, the Licensee shall facilitate competition through a transparent international bidding process for any capacity additions and replacements of a size larger than 10 megawatts; except that if requested by the Licensee the Minister may waive this requirement on a case by case basis, acting reasonably, with respect to proposed capacity additions or replacements which are larger than 10 megawatts and up to 20 megawatts. The structure and process for the transparent international tender process shall be developed and carried out by the Licensee acting reasonably and in good faith, unless the Licensee wishes to participate as a bidder in such tender, in which case a structure and process shall be developed and agreed upon by the Minister and the Licensee, both acting reasonably and in good faith. If the Minister and the Licensee are unable to agree, the Licensee shall not participate as a bidder in the tender.
- (d) The development of the Amaila Falls and/or the Tumatumari hydro-power project(s) by, respectively, Synergy Holdings/Harza International Development Company and/or Tumatumari Hydropower, Inc. pursuant to the letters of intent dated, respectively, April 24, 1998, and March 1998, between the Government and such respective parties shall not be subject to the competitive bidding procedures set forth in subparagraph (c) (but, for avoidance of doubt, shall be subject to the criteria and evaluation standards set forth in such letters of intent). If a licence is granted to either of the respective parties for development of the Amaila Falls and/or the Tumatumari hydro-power project(s), the Licensee shall enter into power purchase agreements with such respective parties, provided that such power purchase agreements meet the criteria set forth in subparagraph (e) (i) - (v) and have been approved by the Commission.
- (e) The Licensee shall enter into power purchase agreements with independent power producers licensed under the Act, including the Guyana Sugar Corporation, for additions of generation capacity to the system, provided that such independent power producers generate electricity from alternative forms of energy using renewable resources and provided that such power purchase agreements:
- (i) are on terms and conditions that are acceptable to the Licensee and that are approved by the Commission, and once approved the payments thereunder shall be allowed for inclusion in the Licensee's operating expenses for the

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whole of the term of the power purchase agreement in accordance with the First Schedule to this Licence;

- (ii) reflect the principle that the purchase price payable by the Licensee to the independent power producer shall not be greater than the Licensee's marginal cost of electrical energy production, including the Licensee's adjustments to reflect:
 - (A) incremental losses and other capital and operating expenses associated with the inclusion of the independent power producer in the Licensee's system;
 - (B) the term of the agreement; and
 - (C) the expected reliability of supply from the independent power producer's facility;
 - (iii) allow for the economic, orderly and efficient development of the resources of Guyana;
 - (iv) are compatible with the national energy policy of Guyana; and
 - (v) will not cause undue hardship on the Licensee's consumers.
- (e) Notwithstanding anything else in this paragraph, the Licensee shall not be required to grant access to its own generation facilities for expansion or operation by other parties.

16. Operating Standards and Performance Targets. The Licensee shall use its **best efforts** to implement, achieve and maintain the Operating Standards and Performance Targets in accordance with the Second Schedule of this Licence, as may be amended from time to time with the prior approval of the Minister. The Licensee's compliance with such standards and targets shall be deemed to satisfy all such requirements under the Act and the PUC Act as to the matters included in the Operating Standards and Performance Targets, and there shall be no requirement for approval by the Commission of the Operating Standards and Performance Targets attached as the Second Schedule or as amended from time to time with the prior approval of the Minister.

17. Development and Expansion Programmes.

- (a) The initial Development and Expansion Programmes of the Licensee shall be as set forth in the Third Schedule of this Licence, as amended and expanded upon on an annual basis in accordance with the procedure set forth in subparagraph (b). The Licensee's compliance with such development and expansion programme, as



attached as the Third Schedule and amended on an annual basis with the approval of the Minister, shall for all purposes be deemed to satisfy the requirements for a development and expansion programme under the Act and the PUC Act, including any requirements for approval by the Commission.

- (b) The Licensee shall, no later than sixty days prior to the end of each of its financial years, submit three copies of its annual development and expansion programme and a current version of its five-year development and expansion programme, as approved by the Licensee's Board of Directors and containing the information required by section 38 (2) of the Act, to the Minister for approval. The Minister, acting reasonably, shall consider such development and expansion programmes and, within sixty days of their submission to him, approve, reject, or require modifications in the programmes. In considering the programmes, the Minister shall take into account:
- (i) the benefits to be accrued to consumers of the service rendered by the Licensee as a result of the implementation of the programmes;
 - (ii) the reasonableness of the cost and other terms and conditions of the financing arrangement for the programmes;
 - (iii) the need to maintain the balance between the Licensee's growth plans, its approved operating standards and performance targets, and the need to preserve its financial integrity, in accordance with commercially reasonable practices of North American or European electric utilities,

and may seek the views of the Guyana Energy Agency (the "Agency"), provided that such views are sought and obtained from the Agency in sufficient time for the Minister to make his determination within the sixty days provided above. The Licensee shall submit seven copies of each development and expansion programme approved by the Minister to the Commission within ten business days after the approval.

- (c) During the course of its implementation of approved development and expansion programmes, the Licensee may make amendments to the programmes as provided for in section 38 (5) of the Act and, prior to making any such amendment, shall provide the Minister with an explanation of, and relevant information and data on, such amendment. The Minister's approval of any such amendment shall not be unreasonably withheld and, in the case of an amendment under section 38 (5) (a) of the Act, shall be granted or denied within twenty-four hours of such notification, and shall be deemed to be granted if no response is received within that time. The Licensee shall provide the Commission with seven copies of any amendment to its development and expansion programmes as approved by the



Minister within ten business days after the approval, but the permission of the Commission shall not be needed for any such amendment.

18. Rural Electrification. Subject to the Standard Terms and Conditions attached as the Fourth Schedule to this Licence, the Minister may request the Licensee to implement rural electrification programmes from time to time for any premises or geographical area within the Authorised Area, and upon receipt of such a request the Licensee shall give due consideration to any such request and shall negotiate in good faith the terms and conditions of such rural electrification programmes, including the provision of Supplemental Funding (as defined in the Standard Terms and Conditions) and the associated increased investment on the part of the Licensee in the relevant supply facilities:

Provided that the Licensee may not unreasonably reject terms and conditions proposed by the Minister; and

Provided further that if the Government and the Licensee cannot agree on terms and conditions within one hundred and eighty days of the commencement of negotiations on a rural electrification programme, the Government may conclude an agreement on the same terms and conditions proposed to the Licensee for such programme with another public supplier, and if an agreement is concluded with another public supplier and a licence issued to him, it shall be a condition of such agreement and licence that:

- (a) the tariffs charged by such other public supplier shall be no more than the tariffs charged by the Licensee to each class of consumers to which the Licensee supplies electricity; and
- (b) upon expiry and non-renewal, early termination, revocation, or proposed transfer or assignment of the licence issued to the other public supplier for such programme, the Licensee shall have the right of first refusal, in the place of the Government, to purchase the undertaking of the other public supplier in respect of such programme in accordance with the procedures set forth in section 19 of the Act, which shall apply mutatis mutandis to the Licensee's purchase of such undertaking from the other public supplier.

For purposes of this proviso the term "same terms and conditions" shall mean terms and conditions which, taken as a whole, are no more favorable than the most favorable terms and conditions offered by the Government to the Licensee.

19. Exemption from assessments under section 65 of the PUC Act. For calendar years 1999 and 2000, the Licensee shall not be subject to any assessment for expenses or any other assessment by the Commission pursuant to sections 65 (1) and (3) of the PUC Act.

20. Way-leaves, Easements and Rights-of-Way. In addition to the way-leaves, easements and rights of way transferred to the Licensee in the Vesting Order issued by the Minister to the Licensee pursuant to Section 42(4) of the Act --
- (a) The Licensee shall enjoy, at no charge to it, such easements, way-leaves and rights-of-way across lands owned by the Government or any local Government authority, or any entity owned or controlled by the Government or any local Government authority, and access thereto, as may be necessary for the Licensee to carry out the activities authorised in this License.
- (b) The Licensee shall have the rights and obligations for the placement, construction, inspection, maintenance, and repair of electrical installations on or across lands owned by private persons as provided for in section 42 (12) of the Act.
21. Joint Use of Facilities. The Licensee shall not be required to permit the joint use of its facilities unless the arrangements for such joint use are on terms and conditions acceptable to the Licensee.
22. Export, Import or Exchange of Electricity. The Licensee shall not make any export, import or exchange of electricity with a supplier or producer outside of the Authorised Area without the prior consent of the Minister.
23. Local Supplier Program; Competitive Sourcing. The Licensee shall design and implement a supplier development program (the "Local Supplier Program"), the objective of which shall be to identify, develop, promote and provide preference to local suppliers of goods and services where such local goods and services are of competitive price (on a delivered and installed basis), quality and availability to it as goods and services available from foreign sources. Subject to such requirement, the Licensee shall have the right and the obligation to source competitively all goods and services required for its operation, including fuel.
24. Operation of Business. The Licensee shall operate its business in accordance with commercially prudent business practices of well-managed electric utilities in North America or Europe, as applicable to and appropriate for Guyana.
25. Forms of Accounts. Notwithstanding section 48 of the PUC Act, the Licensee shall not be subject to the Commission's rules regarding forms of account, but shall maintain accounts accurately and faithfully and in a form and manner satisfactory to its outside auditors and to the independent firm of accountants appointed pursuant to paragraph 11 of the First Schedule of the Act, which accounts shall be kept in accordance with accepted accounting principles as defined in the First Schedule of this Licence.
26. Form for Reporting by Self-Generators. Prior to making available or disseminating the form on which self-generators are required to report to the Minister and the Licensee

under section 3 (4) of the Act, the Minister shall obtain the Licensee's approval for the form and content of such form.

27. Conditions pursuant to section 12 of the Act.

- (a) (i) The Licensee shall not, without the prior consent in writing of the Minister, acquire, by purchase or otherwise, the licence or the business of, or for the purpose of supplying electricity, associate itself with, any person supplying, or intending to supply, electricity under any other licence;
- (ii) Before applying for such consent, the Licensee shall give not less than one month's notice of its intention to apply for such consent to the Guyana Energy Agency, and the Agency may present its views, orally or in writing, to the Minister on the proposed acquisition or association within thirty days of the Licensee's notice.

Provided that nothing in these conditions shall be construed as requiring the consent of the Minister for the purchase of electricity by the Licensee from an independent power producer licensed under the Act to sell electricity to the Licensee.

- (b) The Licensee shall not assign or encumber this Licence, or transfer, or divest itself of, its rights or obligations hereunder, or any part hereof, without the prior consent in writing of the Minister, which consent shall not be unreasonably withheld.
- (c) The Licensee may not, without the prior consent in writing of the Minister, lend funds or give credit to any of its officers or directors or to any company (except a public supplier subject to the regulatory powers of the Minister) if such company holds, directly or indirectly through any chain of ownership, ten percent or more of the voting stock of the Licensee or renders any managerial, supervisory, engineering, legal, accounting or financial service to the Licensee, by:
 - (i) becoming surety, guarantor or endorser upon any obligations, contingent or otherwise, of such officer, director or company;
 - (ii) loaning funds, securities or other like assets to such officer, director or company;
 - (iii) purchasing in the open market, or otherwise, any obligation upon which the officer, director or company may be liable solely or jointly with others;

Provided that it shall not be a violation of this subparagraph for the Licensee to provide housing loans to, or pay other expenses of, officers of the Licensee who are hired or retained by the Manager where the Licensee's provision of such loans and payment of

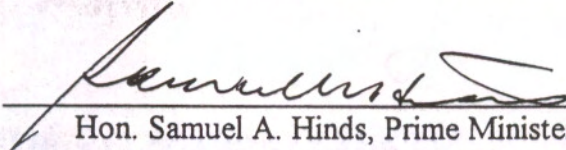
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such expenses are authorised under the Management Agreement between the Licensee and Americas and Caribbean Power Limited dated October 1, 1999.

- (d) Any agreement relating to any transaction of the nature described in this paragraph, unless made with or subject to the written consent of the Minister, shall be void.
 - (e) Unless otherwise provided by the Minister in writing, this paragraph shall extend to the renewal or extension of agreements existing on the Effective Date.
28. Other Necessary Authorised Activities and Services. In addition to the activities authorised under paragraph 1, the Minister authorises the Licensee to act and to perform such other activities and services as may be necessary for the purposes of exercising its rights, fulfilling its obligations and performing the activities and services authorised under this Licence.
29. Confirmation of Applicability of the Act. It is confirmed that the Licensee shall have all of the powers conferred by the Act and regulations promulgated thereunder upon persons licensed to supply electricity for public purposes for the purpose of exercising its rights and performing its functions under this Licence.
30. Exclusivity. The exclusivity granted in paragraph 5 (b) shall be exclusive as against the Government.
31. Licence Fees. The Licensee shall pay to the Minister, on behalf of the Government of Guyana (the "Government") and for deposit into the Consolidated Fund, the following sums at the times stated --
- (a) an initial payment of U.S. \$ 20,000 (United States dollars twenty thousand) upon issuance of this Licence; and
 - (b) a fee of U.S. \$ 20,000 (United States dollars twenty thousand) upon any extension of the term of this Licence.
32. No Waiver. The failure of the Minister to insist upon strict performance of any obligation of the Licensee under this Licence shall not be construed as, and shall not constitute, a waiver of the Minister's right to demand strict compliance therewith, nor shall a waiver of any one event of default be construed as a waiver of any other event of default.
33. Consent of the Minister. Where the consent of the Minister is required under the terms of this Licence or the Act, such consent shall not be unreasonably withheld.
34. Governing Law. This Licence shall be governed by the laws of Guyana.

35. Conflicts. In the event of any conflict or inconsistency between the terms of this Licence and any other law or regulation of Guyana, the terms of the Licence shall prevail.

Dated and effective as of this 1st day of October, 1999, and executed in the exercise of the powers conferred by sections 4 and 42 (3) (c) of the Act and all other powers exercisable for such purpose.



Hon. Samuel A. Hinds, Prime Minister and
Minister with Responsibility for the Electricity Sector

**CHAIRMAN
PUBLIC UTILITIES COMMISSION**

Secretary

AMENDMENT TO THE LICENCE

TO SUPPLY ELECTRICITY FOR PUBLIC PURPOSES

GRANTED TO

GUYANA POWER & LIGHT INC.

UNDER

SECTIONS 4 AND 42 (3) (c) OF THE ELECTRICITY

SECTOR REFORM ACT 1999 (NO. 11 OF 1999)

ISSUED EFFECTIVE

October 4, 2010

1. Paragraph 16. of the Licence is amended by substituting for it the following Paragraph as Paragraph 16 -

"16. Customer Service Standards and Operating Standards and Performance Targets.

(a) Customer Service Standards

(i) The Licensee's Customer Service Standards in effect for the period 2009, and constituting a part of the Second Schedule to this Licence as of December 31, 2009, are extended to December 31, 2010.

(ii) By September 30, 2010, the Licensee shall submit to the Minister proposed revised Customer Service Standards for the period 2011-2012, for the Minister's consideration and approval prior to December 31, 2010. The revised Customer Service Standards shall include the standards for the time within which the Licensee must provide the following services to its Customers -

(A) connection of new service;

(B) reconnection of service after a Customer has rectified the reasons for which the service was disconnected;

(C) response to repair calls;

(D) response to billing and service complaints and inquiries;

(E) response to a written notice from a Customer that a meter may be improperly registering;

(F) replacement of an improperly registering meter after the improper registration has been confirmed; and

(G) any other service that the Minister shall direct be included in the Customer Service Standards.

- (iii) The revised Customer Service Standards shall -
- (A) be consistent with the Licensee's Standard Terms and Conditions and, to the extent such Standard Terms and Conditions do not vary, any applicable provision of the Public Electricity Supply Regulations (Third Schedule to the ESRA), as amended, with such Regulations;
 - (B) for each standard, state a flat fee penalty that shall be credited by the Licensee to Customer accounts in any instance in which the Licensee fails to meet the standard within the time specified in it, such credit to be applied by the Licensee to the relevant Customer's account within the thirty days following the failure to meet the standard within the specified time; and
 - (C) form the Second Schedule to this Licence in its entirety, once they are approved by the Minister.
- (iv) The revised Customer Service Standards shall come into force and effect on January 1, 2011, and after that date, as to each failure by the Licensee to meet a standard within the time specified in such standard, the Licensee shall credit the relevant Customer's account with the flat fee penalty provided for in the revised Customer Service Standards within the thirty days provided for in subparagraph (iii) (B).
- (v) Upon a complaint by a Customer that the Licensee has failed to credit his account as required under subparagraph (iv), the Commission shall investigate the matter and, if it finds that the Licensee has failed to make a required credit to the Customer's account, shall order the Licensee to apply the required credit to the Customer's account within ten days of the date of issuance of such order.
- (vi) On September 30, 2012, and on each September 30 in every two-year period thereafter (i.e., September

30, 2014; September 30, 2016, etc), the Licensee shall submit revised Customer Service Standards to the Minister for his review and approval by December 31 of the year in which such revised Standards are submitted. Each iteration of revised Standards shall contain the standards for the same services provided for in subparagraph (ii), including the time within which the Licensee must provide those services to its Customers and a flat-fee penalty to be credited to Customer accounts in instances in which the Licensee fails to meet such standards within the time required. Such revised Customer Service Standards shall be enforceable by the Commission in the manner provided for in subparagraph (v).

(b) Operating Standards and Performance Targets.

- (i) The Licensee's Operating Standards and Performance Targets in effect for the period -2009, and constituting a part of the Second Schedule to this Licence as of December 31, 2009, are extended to December 31, 2010.
- (ii) (A) Beginning with calendar year 2011 and for all subsequent years, the Licensee's Operating Standards and Performance Targets, on a one- and a five-year basis, shall be included in the Licensee's Development and Expansion Programme submitted to the Minister for approval as provided for in Paragraph 17.
- (B) The revised Operating Standards and Performance Targets submitted by the Licensee in any year shall address the areas included in the Operating Standards and Performance Targets in effect through December 31, 2010; all other major areas of its generation, transmission and distribution of electricity, including technical and non-technical loss reduction; and such other areas as the Minister may determine.
- (iii) The Operating Standards and Performance Targets for each one-year period included in every approved

Development and Expansion Programme shall constitute the standard and quality of service that the Licensee shall provide, in accordance with section 25(2) of the PUC Act; shall thereby be binding upon the Licensee; and shall be enforceable by the Commission as provided for in subparagraph (iv).

X (iv) (A) By March 30 in each calendar year, beginning with calendar year 2012, the Commission shall review the Licensee's performance for the previous calendar year in comparison with the Operating Standards and Performance Targets in effect for such calendar year, and shall determine whether the Licensee has failed to meet such Operating Standards or Performance Targets in any material respect.

(B) If the Commission finds that the Licensee has failed to meet its Operating Standards and/or Performance Targets as provided for in subparagraph (A), it may impose monetary penalties upon the Licensee in an amount not to exceed 25% of the total value of the dividends payable to the Licensee's shareholder(s) for such calendar year in accordance with this Licence and applicable law.

(C) In determining the amount of any monetary penalty to be imposed within the parameters set forth in subparagraph (B), the Commission shall take into account the extent to which the Licensee has failed to meet its Operating Standards or Performance Targets during the previous calendar year and the impact of any such failure(s) upon the Licensee's Customers.

(D) The Commission shall impose penalties determined under subparagraphs (B) and (C) by way of order directed to the Licensee and issued by April 30th of any year in which such penalties are imposed.

(E) Any penalties imposed upon the Licensee in an order issued under subparagraph (D) shall be allocated among and credited by the Licensee to Customer accounts, under a plan to be determined by the Commission, after consultation with the Licensee by June 30 in any year in which penalties are imposed. In determining such plan, the Commission, in its discretion, may also consult with consumer groups, the private sector, and other members of the public to whom the Licensee supplies electricity.”

2. Paragraph 17 of the Licence is amended –

(a) For the heading substitute the following heading –

“17. Development and Expansion Programmes and Reporting Requirements.”

(b) In subparagraph (b) –

(i) For the first sentence substitute the following sentence –

“The Licensee shall, no later than sixty days prior to the end of each financial year, submit three copies of its annual Development and Expansion Programme, a current version of its five-year Development and Expansion Programme and its fifteen-year rolling demand forecast (including a summary of its long-term plans to address it) in accordance with section 38 (1) of the Act, approved by the Licensee’s Board of Directors and containing the information required by section 38(2) of the Act and Paragraph 16 (b) of this Licence, to the Minister for approval.”;

(ii) For the words beginning with the words “and may seek the views” and ending with the words “days after the approval” substitute the following words –

“and within ten days after receiving the proposed programmes from the Licensee, shall seek the views of the Commission and may seek the views of the Guyana Energy Agency (the “Agency”) on the proposed programmes provided that such views are submitted to the Minister by

the Commission and the Agency in sufficient time for the Minister to take them, into account in making his determination within the sixty days provided above. The failure of the Commission or the Agency to submit its views to the Minister in sufficient time for such views to be so taken into account shall not delay the Minister's determination within such sixty day period. The Licensee shall submit seven copies of each Development and Expansion Programme approved by the Minister to the Commission within ten business days after approval.”;

- (c) For subparagraph (c) substitute the following subparagraph as subparagraph (c) –

“(c) During the course of its implementation of approved development and expansion programmes, the Licensee may make amendments to the programmes as provided for in section 38 (5) of the Act and, prior to making any such amendment, shall provide the Minister with an explanation of, and relevant information and data on, such amendment. Except in the case of an amendment under section 38 (5) (a) of the Act, the Minister shall, within the five days of receiving a request for an amendment from the Licensee, seek the views of the Commission on the amendment, provided that such views are submitted to the Minister by the Commission in sufficient time for the Minister to take them into account in making his determination within a reasonable time after the Licensee's submission of the requested amendment. The Minister's approval of any such amendment shall not be unreasonably withheld and, in the case of an amendment under section 38 (5) (a) of the Act, shall be granted or denied within twenty-four hours of such notification, and shall be deemed to be granted if no response is received within that time. The Licensee shall provide the Commission with seven copies of any amendment to its development and expansion programmes as approved by the Minister within ten business days after approval, but permission of the Commission shall not be needed for any such amendment.”;

- (d) Insert after subparagraph (c) the following subparagraphs as subparagraphs (d) and (e) –

“(d) In addition to, and without limitation of, any reporting or other informational requirements to which the Licensee is subject under the Act and the PUC Act, the Licensee shall provide the Minister, the Guyana Energy Agency and the Commission with reports on the following matters on a quarterly basis (that is, by March 31, June 30, September 30, and December 31 of each year) -

- (i) Sales: Energy sales by tariff group in physical units (MWh), energy sales by tariff group in dollar value, and monthly summaries of debit and credit memoranda used to adjust Consumers' accounts.
- (ii) File maintenance - New services added to system funded by (A) international donor agencies and (B) internally generated funds, and number of active and inactive Customers on database.
- (iii) Peak demand and installed capacity - Graph showing peak demand for each of the two interconnected systems, and information on installed capacity for each of the two systems.
- (iv) Power purchases- Monthly power/energy purchased from independent power producers and from any other person, specifying the amount of power purchased and total billings by independent power producers and other persons.
- (v) Negotiations with independent power producers- Information on the status of any ongoing negotiations with independent power producers for the purchase of power.
- (vi) Rental of generating sets- Monthly charges incurred for generating sets under lease.
- (vii) Monthly financial reports- Unaudited financial statements, balance sheets, and cash flow statements, and an analysis of employment costs.
- (viii) System losses per month- Total losses in MWh together with estimates of its components and technical and commercial losses (combined and separated); and the estimated dollar value of the losses.
- (ix) Monthly outsourcing- Disbursements made to transmission and distribution ("T&D") contractors involved in capital projects; disbursements made to T&D contractors for hired transportation; disbursements made to contractors for meter reading; and compensation payments made for equipment, property damage, personal injuries etc.

- (x) Monthly generation of power stations showing- Fuel usage, generation, fuel cost (with freight shown as separate cost), fuel efficiency, and variable and fixed cost.
- (xi) Power outages- Table showing average duration of power outages and nature of the failures in summary form; table showing planned and forced outages; and table showing System Average Interruption Duration Index, if available.
- (xii) Operating Standards and Performance Targets- Detailed report on whether the Licensee's current Operating Standards and Performance Targets have been met, including explanations of any failures to meet any Operating Standard or Performance Target.
- (xiii) Customer Service Standards- Detailed report on any failure to meet a Customer Service Standard, including each credit to Consumer accounts for each failure to meet such Standards.
- (xiv) Disconnection and Reconnection- Number of disconnections and reconnections effected each calendar month.
- (xv) Major Incidents- A summary of Major Incidents, on a monthly basis. For purposes of this requirement, "Major Incident" means an incident associated with the supply of electricity by the Licensee that results, or would likely have resulted, in a significant interruption of service, substantial damage to the Licensee's equipment, or loss of life or significant injury to a person, and shall also include any other incident that the Minister declares to be a Major Incident. The reports shall include full details of the facts within the knowledge of the Licensee regarding the Major Incident and its cause and specify the measures the Licensee will take to avoid reoccurrence of the same type of Major Incident.
- (xvi) Criminal prosecutions- A summary of prosecutions for offenses under the Act and regulations made

thereunder, including the current status and outcomes of those prosecutions.

- (e) The Licensee shall make three presentations to the public each year, in locations and in formats to be chosen by the Licensee, to provide information on its current Development and Expansion Programme, its operational and financial performance, its loss reduction efforts, its Consumer Complaints Programme and its efforts to provide quality service to Consumers, and other matters of public interest. The three presentations shall be made by the following dates in each year -
- (i) April 30, to include a report on the previous year's audited financial statements and a report on the first quarter of the then-current year;
 - (ii) July 31, to include a second quarter and a mid-year report; and
 - (iii) November 30, to include a third quarter report."

3. Insert immediately after paragraph 25 of the Licence, the following paragraph as paragraph 25A -

"25A. Maintenance of Unified System of Accounts. In addition to the requirements of Paragraph 25, the Licensee shall maintain a Unified system of Accounts, including categories on administrative costs, billing, customer relations, generation, and transmission and distribution, and shall submit a detailed report to the Commission based on such Unified System of Accounts by April 30th of each year. The Licensee shall not be required to have the Unified System of Accounts audited."

4. Paragraph A (1) of the First Schedule to the Licence is amended by substituting for it the following -

"(1) **"accepted accounting principles"** means international financial reporting standards and international generally accepted accounting principles or such other standards and/or such other standard or principles as may be set from time to time by the Guyana Institute of Chartered Accountants for use by public companies limited by shares incorporated under the Companies Act 1991 (No. 29 of 1991)."

PART C (i) of the First Schedule of the Licence is amended as follows:

Commencing from the 1st day of January 2006 the figure "23%" is substituted with the figure "8%" in the formula for determining the target rate of return on equity "(i)".

5. The **Fourth Schedule** to the Licence is amended –

- (a) by substituting for the first three paragraphs in **Section 4.9** the following paragraphs -

" The Company shall have the right to require any Customer to provide a security deposit to the extent the Company offers post-paid service at any time, to increase such security deposit, and to update it, as provided for in this Section and in Section 4.10.

(a) **Initial security deposit for post-paid service** - For residential and small **commercial** Customers with estimated annual energy consumption of 6000 kWh or less, the Company, in its sole discretion, may charge an initial security deposit for post-paid service of up to G\$10,000 or three times the Company's estimate of the average monthly charges for such Customer's tariff category, whichever is greater.

For all other Customers, the Company, in its sole discretion, may charge an initial security deposit for post-paid service of up to the Company's estimate of the Customer's total bills for any average three-month period for such Customer's tariff category.

The initial security deposits provided for in this subsection shall apply only to new service at any premises after the amendment in year 2010 of this Section 4.9, but shall not be interpreted to require Customers who already have post-paid service at a premises and have paid a security deposit under the previous version of this Section 4.9 to increase their security deposits for the supply of electricity to those premises in accordance with this subsection. ✓

(b) **Increase in security deposit** - In any instance in which the Company has disconnected a Customer under section 11.3(c) for non-payment of any amount billed on a ground provided for in section 11.3(d), (h) or (i), the Company, in its sole discretion, may require a Customer who has had and wishes to retain post-paid service to increase his security deposit to the greater of \$20,000 or up to six months of the Company's estimate of the average monthly charges for any two-month period.

In any instance in which the Company has disconnected a Customer for the abstraction or diversion of electricity, meter

*credit increases
w/nt interest*

*res neglects repairs
to pay in 21 days*

(d) violates provisions of any contract.

tampering or any other electricity-related act that is unlawful; or for any other reason permitted under Section 11.3(a), (b), (e), (f), or (g) hereof, and regardless of whether the Customer (or anyone else residing at the relevant premises) has been charged with or convicted of any unlawful act, the Company, in its sole discretion, may require a Customer to take pre-paid service or, if the Customer is to retain post-paid service, to increase his security deposit to the greater of \$20,000 or up to six months of the Company's estimate of the average monthly charges for any two-month period.

The Company's right to require increases in security deposits under this subsection (b) shall apply to all Customers, for all premises, regardless of when the supply of electricity was first provided to any premises.”;

(b) by substituting for Section 4.10 the following Section as Section 4.10 -

"4.10 Use of Security Deposit and Consequences of Failure to Increase or Replenish Security Deposit

*Security deposit
+
w/inst on
bill meter*

If a Customer fails to pay any amounts billed, the Company may apply all or any portion of that Customer's security deposit to the unpaid amount. When the Company has to take this step, the Customer will be required to increase or to top-up their security deposit (whichever is applicable) in accordance with the amount allowed under Section 4.9. If the Customer fails to top-up its security deposit or pay any increased security within sixty days of a written notice from the Company, the Company will have the right to disconnect the Customer's supply and to refuse to reconnect it until the Customer pays any increased security deposit required by the Company under Section 4.9 (b).

If the Customer's security deposit is not sufficient to pay any unpaid amounts billed in full, or if the Customer is liable for disconnection due to any other reason permitted under these Standard Terms and Conditions, the Company may disconnect and refuse to reconnect a Customer's supply until the Customer has paid in full any outstanding amounts billed and any increase in its security deposit required by the Company in accordance with Section 4.9 or, in the case of disconnection for any reason provided for in the second paragraph of Section 4.9 (b) and the Company's opting to require the Customer to take pre-paid service, the Customer has allowed a pre-paid meter to be installed and has paid the initial amount for pre-paid service.

The Company may also require any Customer to increase its security deposit, on no more than an annual basis, to reflect increases in tariffs and/or changes in the Customer's consumption characteristics. The Company shall have the right to disconnect any Customer who fails to pay any such increased security deposit within sixty days of the date of a written notice by the Company to do so, and the Company may refuse to reconnect the supply of electricity until such increased security deposit is paid in full.”;

- (c) by substituting for Section 4.17 (d) the following Section as Section 4.17 (d) -

"(d) the increased security deposit, if any, required by the Company under Section 4.9.”;

- (d) by substituting in Section 5.2 for the words in the beginning “The Company’s employees or agents” , the words “In addition to any right of the Company under the Act or the regulations, the Company’s employees or agents” and by substituting for the words “The Customer shall provide the Company with reasonable access to Company facilities located on the Customer’s property,” the words “The Customer shall provide the Company with access to Company facilities located on the Customer’s property as required by section 60 (6) of the Act.”;

- (e) by substituting in Section 6.3 for the portion beginning with “At the request of the Customer”, and ending with the words “whichever is greater”, the following -

“At the request of the Customer, the Company shall test the accuracy of the meter to ascertain if it is within the prescribed range of plus or minus 2.5%. The recordings of the meter and other apparatus will be conclusive. If the tests show that the meter is recording inside the 2.5% range, the Company may charge the Customer for the cost of the test. This cost will be set at \$2,000 for residential Customers, and for other Customers it will be \$2,000 or the cost incurred by the Company in investigating and testing the meter, whichever is greater.

If the tests show that the meter is recording outside the 2.5% range, and there has been no tampering or interference with the meter, the following procedures shall apply -

(a) The Company shall have a two-month period, beginning on the date of the performance of the test showing that the meter is recording outside the 2.5% range, to repair or replace the meter. During such two-month period, the Company shall bill the Customer on the basis of what the meter then-in-place is reading (regardless of whether such meter is the defective meter or a temporary replacement meter).

(b) Once the existing meter is repaired or a new meter is installed, the Company may adjust the Customer's account on the basis of the average of the monthly readings during the first three months following such repair or replacement, which average would be applied -

(i) in cases where the consumer initiated the examination of the meter's accuracy, for the five-month period prior to the repair or replacement (i.e., the two-month repair or replacement period plus a three-month back billing adjustment period); or

(ii) in cases where the Company initiated the examination of the meter's accuracy, for the shorter of (a) the eight-month period prior to the repair or replacement of the meter (i.e., the two-month repair or replacement period plus a six-month back billing adjustment period) or (b) the total of (x) the two-month repair or replacement period plus (y) the period from the date on which the meter found to be defective was installed to the date on which the meter was found to be defective.

The foregoing standards shall apply both in instances in which a meter is found to be over-recording and in instances in which it is found to be under-recording. In over-recording instances, the Customer's account would be credited, if warranted by the three-month average monthly readings after an accurately-reading meter is installed, for the same adjustment periods as provided in (a) and (b) above.”;

- (f) by deleting in Section 6.3 the words “or for any reason a meter has failed to record correctly the electricity used”;
- (g) by substituting in Section 6.4 for the words beginning with the words “The Customer shall pay the cost” and ending with the words “reconnection cost as applicable”, the words “Under such circumstances, the Company may require the Customer to increase its security deposit as provided for in Section 4.9 and 4.10”;
- (h) (A) by inserting in the first paragraph in Section 11.3 after subparagraph (h) the following as subparagraph (i) –

“(i) fails to pay any amounts owing to the Company in accordance with an order of the Public Utilities Commission made under section 52 (4) of the PUC Act within the time provided in such order.”;

(B) by substituting for the third paragraph in Section 11.3 the following paragraph as the third paragraph –

“The Company may reconnect the service when the problem is resolved, when the Customer has provided, or paid the Company’s costs of providing, such devices or equipment as may be necessary to resolve such problem, and when the Customer has taken all other steps required by these Standard Terms and Conditions and applicable law.”;

- (i) by inserting after Section 11.4 the following Section as Section 11.5 -

11.5 Wrongful Disconnections

In any instance in which the Company effects a wrongful disconnection of a Customer, the Company shall credit the Customer's account in the amount of a one-time penalty of G\$20,000 in the case of residential (Tariff A) Customers and G\$50,000 in the case of commercial and industrial (Tariffs B, C and D) Customers, within the ten days after the Customer notifies the Company of the wrongful disconnection in writing. For purposes of this Section, a "wrongful disconnection" shall be limited to instances in which (a) the Customer was not more than 21 days late in making full payment of the bill(s) from the issue date of the bill (for the purposes of this provision, “issue date” shall mean the date the bill was posted to the customer), (b) the Company concluded that the Customer was abstracting or diverting electricity due to a drop in the use of electricity at the relevant

premises but the Customer can demonstrate to the Company by credible evidence that the relevant premises were vacant or that there were other circumstances that resulted in the drop in use at the relevant time, or (c) the disconnection was due to an error in the Company's internal records.

A Customer who was wrongfully disconnected, but to whose account the Company does not apply the credit required by the foregoing paragraph, may file a complaint with the Commission, and the Commission shall adjudicate and determine the complaint as provided for under the PUC Act.”.

GUYANA POWER & LIGHT, INC.

Dated and effective as of this 4 day of October, 2010 and executed in the exercise of the powers conferred by sections 4 and 42 (3) (c) of the Act and all other powers exercisable for such purpose.

STANDARD TERMS AND CONDITIONS
FOR ELECTRIC SERVICES

.....
Hon. Samuel A Hinds,
Prime Minister and Minister with
Responsibility for the Electricity Sector

October 1, 1999

Amended March 24, 2000, December, 2001 and further amended January 2008

FILE COPY
SECRETARY'S OFFICE
PUC and UTILITIES COMMISSION

Sched. 1 - Rates for Supply of Elect.

Sched 2. O.S & P.T.

Schedule 4
to the
Licence

GUYANA POWER & LIGHT, INC.

**STANDARD TERMS AND CONDITIONS
FOR ELECTRIC SERVICES**

October 1, 1999

as amended March 24, 2000, December, 2001 and further amended January 2005

FILE COPY
SECRETARY'S OFFICE
PUBLIC UTILITIES COMMISSION

This document is the Guyana Power & Light, Inc.
Standard Terms and Conditions for Electric Services.

It is the document originally approved on 1st October 1999,

with the Amendments inserted as approved
by the Prime Minister of the Co-operative Republic of Guyana
per his second letter dated 24 March 2000,

and further Amendments approved by the Public Utilities Commission (PUC)
per the PUC letter to Guyana Power & Light, Inc. dated 2nd November 2001, and the PUC letter
to the Guyana Power & Light Inc. dated 20th January 2005

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STANDARD TERMS AND CONDITIONS FOR ELECTRIC SERVICES

1. INTERPRETATION

1.1 Definitions

“**billing demand**” - the demand upon which billing to a Customer is based.

“**Company**” – Guyana Power & Light, Inc.

“**Contracted Maximum Demand**” - the maximum demand which the Company is contractually committed to supply to the Customer’s premises.

“**Contracted Maximum Energy Consumption**” - the maximum energy consumption which the Company is contractually committed to supply to the Customer’s premises.

“**Customer**” - a person, firm, partnership, corporation, organization or association (including, without limitation, individual members of any unincorporated entity) served by the Company.

“**customer contribution**” - the difference between the cost of extending the Company’s facilities to serve a Customer and the maximum Company investment, as defined and determined in accordance with Schedule A.

“**demand**” - the level at which energy is delivered by the Company (expressed in kilowatt (kW) or kilovolt-amps (kVA) or other suitable unit) at a given instant or averaged over any designated period of time. Where the Customer’s metering measures kilowatt (kW) demand, and not kVA demand, the Company will calculate the peak kVA demand by dividing the peak kW demand by the Customer’s average power factor during the relevant billing period. If there is a need to determine a Customer’s peak kW demand in a situation where the demand is measured in kVA, the Company shall determine such peak kW demand by multiplying the peak kVA demand by the average power factor during the relevant billing period.

“**energy**” - electric energy (expressed in kilo-watt-hours or other suitable unit).

“**extraordinary circumstances**” - circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, and any other cause, whether of the kind herein enumerated or otherwise.

“**facilities**” - physical plant (including, without limitation, generating plants, transmission and distribution lines, transformers, meters, equipment and machinery).

“in-service date” - the date on which the Customer specifies service is to be available or the date the service is actually available, whichever is later.

“load” - the demand and energy delivered to or required at any point of delivery.

“load factor” - the ratio of the average demand (in kilo-watts) supplied during a designated period to the peak demand (in kilo-watts) occurring in the period. To express load factor as a percentage:

- (a) multiply the energy (kWh) used in the period by 100;
- (b) multiply the peak demand (kW) by the number of hours in the period; and
- (c) divide (a) by (b).

“Minister” - The Minister of the Government who at the time is assigned responsibility for the electricity sector in Guyana.

“multiple dwelling” - a residential building containing more than one residential dwelling unit.

“peak demand” - the maximum level of demand in any billing period.

“point of delivery” - the point at which the Company’s service conductors are connected to the wires or apparatus of a Customer.

“power factor” - the average leading or lagging power factor (PF) based on meter readings is calculated from the consumption recorded on the kWh and kVARh (wattless) meters by means of the following formula:

$$PF = A / (A^2 + B^2)^{0.5}$$

where A= Total kWh

and B = Total kVARh.

In the event that the Company does not have kVARh metering installed at the site, but kVAh metering is installed, then the denominator can be replaced with kVAh.

“PUC” - the Public Utilities Commission as established under the *Public Utilities Commission Act*, No. 10 of 1999.

“service” - the delivery of energy by the Company at the demand required by a Customer at a point of delivery, or the construction, installation or extension of facilities, or both.

2. INTRODUCTION

2.1 Amendments to Standard Terms and Conditions

Within six months after October 1, 1999, the Company may propose, and the Minister may approve, mutually agreed modifications to these Standard Terms and Conditions. The Company will provide 15 days prior notice to its Customers of any such approved modifications, via publication in the Guyanese daily newspapers on at least 5 days during the 15 day notice period.

Thereafter, unless otherwise provided for herein, the Company may propose to amend these Standard Terms and Conditions from time to time by filing a notice of amendment with the PUC. Included in the notice to the PUC shall be notification of which customer groups are affected by the amendment and an explanation of how affected Customers will be notified of the amendments.

The PUC shall have the right to disallow the proposed amendment within 45 days of its filing. If the PUC does not disallow the proposed amendment within that period, or approves the amendment as filed, then the Company will provide 15 days notice to its Customers of the proposed amendment, after which period the amendment shall take effect. Notice to Customers may be provided via publication in the Guyanese daily newspapers on at least 5 days during the 15 day notice period.

If during the 45 day period the PUC disallows the amendment, or proposes any changes to it, then the Company shall have the right to agree on changes with the PUC or to withdraw the proposed amendment.

2.2 Effective Date

These Standard Terms and Conditions come into force on October 1, 1999 and shall apply to all Customers who were receiving service from Guyana Electricity Corporation immediately prior to that date. Subject to Section 2.1, revisions will be issued in the event that amendments to these Standard Terms and Conditions are proposed by the Company and approved by the Minister or the PUC, as the case may be.

3. GENERAL PROVISIONS

3.1 Standard Terms and Conditions Prevail

These Standard Terms and Conditions apply to the Company and to every Customer, excepting in cases where a written supply agreement is entered into between the Company and the Customer. The Company shall have the right to require a site-specific supply agreement with any commercial or industrial Customer (a "special agreement"). No such agreement can provide for the waiver or alteration of any part of these Standard Terms and Conditions unless such agreement is first filed with and approved by the PUC. The PUC's approval in these cases shall only be withheld if the agreement is unjust, or unreasonable, or unjustly discriminatory or unduly preferential.

3.2 Ownership of Facilities

The Company remains the owner of all facilities it provides to serve the Customer, unless a contract between the Company and Customer specifically provides otherwise.

Payment made by Customers for costs incurred by the Company in installing facilities does not entitle Customers to ownership of any such facilities, unless a contract between the Company and the Customer specifically provides otherwise.

The Company shall have the right to use facilities, which are part of the supply arrangement for a given Customer, for the purpose of extending supply to another Customer.

3.3 Use of Energy

Unless otherwise provided in a contract with the Company, a Customer shall not sell or re-sell energy provided by the Company unless the Company has first given written consent.

3.4 Customer Extensions

A Customer shall not extend service facilities for use by another party whom the Company would consider to be a separate Customer.

3.5 Customer Generation

A Customer must sign an agreement with the Company, which may include special financial, technical and safety-related terms and conditions, if he wishes to use service:

- (a) in parallel operation with; or
- (b) as supplementary, auxiliary or stand-by service to,
any other source of electric energy.

3.6 Frequency and Voltage Levels

In all cases the supply shall be provided by means of alternating current (AC) having a nominal frequency of 50 or 60 Hz. It shall be made available at low voltage or, if necessary or requested, at medium or high voltage. The Company reserves the right to decide the voltage and frequency at which a particular supply will be provided and / or metered. || *

A low voltage (LV) supply is normally two or three wire single-phase at a nominal voltage of 120/240 (note *) volts, or, where necessary, a three-phase four wire supply at nominal voltages of 240, 415 or 480 (note *) volts between phases and 120, 240 or 277 (note *) volts between phase and neutral.

Where a medium or high voltage supply is provided (i.e. higher than nominal 277/480 volts (note *)), the Company shall specify the nominal voltage in each particular case.

In relation to the above-mentioned nominal values of voltage and frequency, it should be noted that the actual values are variable and that the voltage has several characteristics which are variable. The Company will take all reasonable steps to minimize variations which might affect the proper functioning of adequately designed equipment used by the Customer. Variations which occur within the Customer's own installation are the responsibility of the Customer.

Accidental and planned interruptions of the voltage occur from time to time. The Company will take all reasonable steps to minimize the number of interruptions and to restore supply as quickly as possible following an interruption. When it is necessary to schedule interruptions in order to permit essential work to be carried out on any part of the Company's system, the Company will give advance notice to the Customer to the extent practicable.

(Note * = or such other voltage as is adopted in future as a standard supply voltage by the Company)

4. APPLICATION FOR AND CONDITIONS OF SERVICE

4.1 General Requirements

The Customer shall make written application to the Company for either new connection to the Company's system or for changes to an existing service (e.g. changes in the Customer's Contracted Maximum Demand and/or Contracted Maximum Energy Consumption). The Company shall make application forms for such purposes available at its offices.

- (a) The Customer shall provide the Company with all necessary information about the premises for which the connection is required, the type and electrical rating of the equipment to be installed, the requested Contracted Maximum Demand and/or Contracted Maximum Energy Consumption as appropriate, and all other details which may reasonably be requested by the Company to enable the Company to determine the nature of the connection required.
- (b) An applicant may be required to sign an application or a contract for service and may be required to provide credit information, references, or a security deposit.

4.2 Conditions of Service

Before connecting any new service, or fulfilling a request for a change to an existing service, the Company will inform the Customer of any special conditions that must be satisfied. The Company will also advise the Customer of the lead time required to connect the new service or to change the existing service. In communicating such

information to the Customer, the Company shall also apprise the Customer of the PUC's dispute resolution procedures.

4.3 Connection Fee

Whenever a connection is made during the Company's regular business hours, the Customer will pay a non-refundable connection fee of \$2000 in advance; otherwise the Customer will pay the Company's estimated actual cost if the connection is to be made at any other time.

This connection fee is applicable to the situations where there is no need for the installation of additional facilities to service the Customer; i.e., it is not a new service extension, or a change to an existing service, but a transfer of occupancy or ownership.

The Company will make every reasonable effort to connect the Customer to the Company's system by the date required, provided the Customer has complied with financial and other requirements specified and has paid the connection fee in full.

4.4 Application of Tariff Schedules

The applicable tariffs will be in accordance with the Company's tariff schedule as published from time to time, unless the Company and the Customer agree that the supply will be facilitated under a special agreement, to be approved by the PUC in accordance with Section 29 of the *Electricity Sector Reform Act*.

Application of particular tariffs in individual cases is dependent on the fulfillment of conditions laid down by the Company from time to time in regards to classification of supplies and related matters. The Company shall specify the category into which any Customer case falls, and shall publish from time to time such conditions in customer information brochures.

While advice on tariff selection is freely available, the responsibility rests with Customers to acquaint themselves with any alternate tariffs which may be available for any given usage of electricity. The Company will endeavor to apply the tariff schedule which is applicable to the service and is most favorable to the Customer.

Where the Customer's service requirements change so that some other tariff schedule(s) apply to the service, the Company will change the Customer's billing accordingly, and shall inform the Customer of the reason for the change.

A Customer may elect to have service billed on any other rate schedule applicable to that Customer's service requirements. The Company will make the schedule of approved rates available so as to facilitate customers' choices in this regard.

Any change in applicable tariff shall not be effective until the next complete billing period.

An election to change tariff under this section may not be made more than once in any 12-month period.

In each circumstance, the Company may recalculate the maximum Company investment to determine whether any adjustments are required to the customer's contribution amount.

In addition to payments for electric service, the Customer is required to pay the Company the amount of any tax or assessment levied by any tax authority on electric service delivered to the Customer.

4.5 Minimum Monthly Charges

- (a) Minimum monthly charges shall be applicable to all Customer classes in accordance with the applicable tariff schedules.

In addition, only where the Company has invested in supply facilities for Large Commercial Customers (i.e. commercial Customers whose consumption is over 500kWh in any month) or Industrial Customers, a minimum monthly charge shall apply which shall be based on a deemed minimum demand and a deemed minimum energy consumption. The deemed minimum demand shall be two-thirds (2/3) of the Contracted Maximum Demand in the case of industrial Customers, and the deemed minimum energy consumption shall be two-thirds (2/3) of the Contracted Maximum Energy Consumption (monthly) for both commercial and industrial Customers.

- (b) If a Customer has agreed to be billed on a rate which includes a demand charge, and there is no demand metering in place to record the Customer's demand, then the deemed Contracted Maximum Demand and deemed minimum demand shall both be equal to the capacity of the supply facilities to the point of delivery. In this circumstance, unless otherwise agreed with the Customer, the Company shall install appropriate demand metering as soon as reasonably possible.
- (c) In the event that a Contracted Maximum Demand or a Contracted Maximum Energy Consumption (monthly) amount has not been established for a given industrial or commercial Customer in a contract with the Company, these amounts shall be determined as follows:
- (i) The Contracted Maximum Demand shall be the Customer's highest peak demand in the past twelve (12) months, per the bills issued to the Customer from Guyana Electricity Corporation or the Company (unless the billing demand is not metered, in which case (b) shall apply).
- (ii) The Contracted Maximum Energy Consumption (monthly) shall be the highest recorded amount of energy consumed by the Customer in any of the past twelve (12) months, per the bills issued to the Customer from Guyana Electricity Corporation or the Company.

4.6 Multiple Dwellings

Each individual unit within a multiple dwelling will be served as a separate point of delivery, unless the Company agrees otherwise. The Company may require that all units be metered at the same physical location.

The Company and a Customer may agree that one bill will be issued covering all individual units in a multiple dwelling. In this case, the Customer will be liable for all consumption and other charges associated with such a service, provided that, if such service is disconnected, the customer fails to settle the outstanding charges, and the Company is willing to meter any individual unit(s) separately, the Applicant must, before connection, settle any estimated outstanding charges deemed applicable to the Applicant's unit, on a pro-rata basis; the computation of such charges shall be based on the installed capacity, and shall satisfy all other requirements relating to new services.

Where the Company and a Customer have agreed that service to a multiple dwelling shall be delivered through a single point of delivery, the applicable commercial (non-residential) rate schedule will apply to the service.

Where a Customer is receiving one bill in respect of more than one unit, the Company may choose to continue billing the Customer on that basis until such time as a change is required in the facilities serving that Customer.

4.7 Totalized Metering

Unless otherwise agreed in writing between the Company and the Customer:

- (a) each Customer will be supplied at a single point of delivery on a single site, and the Company will have the discretion to determine the single point of deliver for such single site; and
- (b) the Company will issue a separate bill for each point of delivery, subject to Section 4.8.

4.8 Consolidated Billing

The Company will issue a separate bill for each point of delivery. However, the Customer and the Company may agree that the Company will issue one bill totaling charges for service delivered at more than one point of delivery.

4.9 Security Deposit

The Company shall have the right to require any Customer to provide a security deposit, and to update such security deposit requirement (on no more than an annual basis), to reflect increases in tariffs and/or changes in the Customer's consumption characteristics.

For residential and small commercial Customers with estimated annual energy consumption of 6000 kWh or less, the security deposit will be equal to G\$5000 or two times the average monthly charges for such Customer categories, whichever is greater. (2)

✓ For all other Customers, the security deposit shall not exceed the Company's estimate of the Customer's total bills for any average two-month period. (3)

✓ Any Customer that is supplied through a pre-payment meter shall not be required to pay a security deposit in respect of the supply. ✓

In the event that the Company reasonably believes that a Customer will be taking service for only six months or less, then the Company shall have the right to require the Customer to pre-pay all or part of the expected billings to that Customer, but not less than would otherwise be required under this section.

In accordance with the Company's License, interest shall accrue at a rate of 7% (or such other rate as agreed by the Company and approved by the PUC), compounded annually, on the security deposit paid by a Customer to the Company from the date the deposit is received, provided that the Company holds the security deposit for more than six months.

Interest owing on security deposits at the end of each fiscal year will be credited to the Customer's bill for the subsequent period or will be refunded in case of service termination. Security deposits will be refunded to the Customer at the time of service termination, unless the Customer is requesting a new service at another location, in which case the security deposit relating to the first location shall be credited against the requirement for a security deposit for the second location.

In circumstances where a Customer has paid a security deposit prior to October 1, 1999 to the Guyana Electricity Corporation (GEC), and subject to (i) the Customer providing written proof of such payment to the satisfaction of the Company, and (ii) there being no outstanding amounts owing by the Customer to GEC or the Company at the time that such proof is provided to the Company, then such security deposit shall be treated in the manner described in these Standard Terms and Conditions.

4.10 Use of Security Deposit — Substitute this section

If a Customer fails to pay any amount billed, the Company may apply all or any portion of that Customer's security deposit to the unpaid amount.

When the Company has to take this step, the Customer will be required to top-up their security deposit in accordance with the amount allowed under Section 4.9. Failing this, the Company will have the right to disconnect the Customer's supply.

4.11 Delay in Taking Service – Real Estate Developments

When a Customer (typically a property developer who is developing a multi-site residential or commercial site) requests service to a real estate development, i.e. a new

development which will have multiple service-takers, then in addition to any other charges payable by the Customer (including the customer contribution in accordance with Schedule A), the Customer shall make a payment, not to exceed the maximum Company investment specified in Schedule A, for each point of delivery within the real estate development where service will not be taken within 12 months of the in-service date.

When service is taken at a point of delivery within three years of the in-service date, and where the Customer has paid both the customer contribution and the Maximum Company Investment per the paragraph above, the Company will refund the payment of the Maximum Company Investment applicable to that point of delivery. Otherwise, such payment will be forfeited to the Company.

4.12 Delay in Taking Service – Other than Real Estate Developments

Except in the case of a Customer who requests service to a real estate development under Section 4.11, if service is not taken within 30 days of the in-service date, the Company may begin billing the Customer the minimum amount specified in the contract between the Company and the Customer, or as specified in Section 4.5, whichever is greater.

4.13 Provision of Service

The Company shall estimate the cost of providing service (including accommodating changes to existing services) which shall include the capital cost of material and installation of facilities (including Company overheads).

If the Company's estimated costs of providing service at the request of a Customer are less than the maximum Company investment specified in Schedule A for the type of service provided, the Customer will not be required to make any contribution. In the event that a group of Customers are being newly interconnected to the system, then the Company shall determine at its discretion, acting equitably, the contributions required from each Customer, having due regard to the relative loads of the Customers and the extent of shared supply facilities for each.

In other cases which are not within the scope of Schedule B hereof, an agreement for payment of the customer contribution must be made between the Customer and the Company. Before any work on the service is commenced, the Customer shall pay the full amount as per the agreement, unless agreed otherwise.

Where the provision of service is covered by Schedule B hereof, the Company will negotiate a sharing of the customer contribution costs with the Customers, the Government, and any other involved agencies, in accordance with the principles outlined in Schedule B.

In determining the Company's investment amounts and the customers' contribution amounts, the Company's cost estimates will be based on the standard level of service that is adequate to serve the Customer. If the Customer requests a unique supply configuration, as opposed to the standard single source of supply which is offered by the

Company, the Customer shall be additionally responsible for the incremental costs of such unique supply configuration, including overheads, relative to the standard supply configuration.

The Company will investigate the merits of a “flat fee” contribution approach for interconnections of new residential and small commercial Customers. Under this approach, such Customers would pay designated customer contribution amounts for interconnection to the Company’s system, to provide for administrative ease and predictability of charges. A feature of the “flat fee” contribution approach would be that Customers would not be entitled to receive subsequent refunds of all or a portion of such contributions (see Section 4.18 “Customer Contribution Refunds”). If the Company and the Minister are both satisfied that such an approach would be preferable to that envisioned herein, and that the revenue and cash impacts to the Company of such an approach would be neutral (relative to the approach herein), then the Company shall modify these Standard Terms and Conditions accordingly (including Schedules A and B), with the Minister’s prior approval, and such modification shall not require the approval of the Public Utilities Commission.

In the interest of preventing investment in unused facilities, the Company shall reserve the right to delay provision of service until there is reasonable evidence, provided by the Customer, that the Customer’s “connectable load” will indeed be forthcoming.

4.14 Conversion from Overhead to Underground Service

When a Customer requests that existing Company facilities be converted from overhead to underground, the Customer will be charged for the costs incurred (including the application of Company overheads) by the Company in connection with the conversion, including the following:

- (a) the estimated cost of removing the existing facilities, less the estimated salvage value, plus
- (b) the estimated cost for the installation of the new underground facilities, as above, less any applicable increase in Company investment, associated with any increase in the Customer’s contracted service requirements, as specified in Schedule A.

4.15 Temporary Service

Where the Company reasonably believes that a requested service will be temporary (i.e. that electric service will be taken by the Customer for 6 months or less), it may require the Customer requesting the service to pay the Company’s total estimated cost of installation and removal of the service, less a provision for salvageable material.

The Company may require that such payment, plus the applicable security deposit per Section 4.9, be made before the temporary service is installed.

4.16 Relocation of Company Facilities

The Company may require a Customer to pay all reasonable costs incurred by the Company in relocating any Company facility at the Customer's request. The Company may require that the estimated cost of such relocation be paid in advance of implementing the relocation.

4.17 Reconnection or Restoration of Service

This Section applies when the Company is asked to reconnect or restore service to a Customer whose service was previously restricted by a current-limiting device or discontinued (whether at the request of the Customer or not). This section does not apply when a Customer's service was disconnected for safety reasons. (See Section 11.2)

The Company will reconnect the Customer when the Customer has corrected the conditions that led to the disconnection and has made the following payments:

- (a) any overdue amounts owing to the Company;
- (b) a reconnection charge of G\$2000;
- (c) the minimum monthly charges which may have accrued during the period of disconnection up to a maximum of 12 months; and
- (d) the security deposit, if any, required under Section 4.9. *(increased)* *(substitute)*

The reconnection fee may not apply when the reconnect is a result of change in occupancy or ownership.

Provided that the above conditions have been met, the Company will make all reasonable efforts to connect the Customer within 2 days after such conditions have all been met, subject to the specific conditions relating to the reconnection.

Note: For information specific to temporary disconnections, refer to Section 4.19 'Temporary Disconnection'.

4.18 Customer Contribution Refunds

When a Customer has provided a customer contribution to obtain service, the Company will refund a portion of the customer contribution if requested to do so by the Customer and if:

- (a) the Customer increases the Contracted Maximum Demand and/or the Contracted Maximum Energy Construction such that a higher Maximum Company Investment is warranted per Schedule A; or
- (b) another new Customer benefits from the capacity provided by the facilities which were added and to which the customer contribution related.

This refund will be determined at the discretion of the Company, acting equitably. If there are several new Customers being added under (b), the Company's calculation shall take into consideration the relative loads of such Customers, and the extent of shared supply facilities for each.

The refund is payable only if the events in paragraphs (a) or (b) above occur within the initial 3 years of service or as otherwise stated in the contract with the Customer who originally paid the customer contribution.

Where the Company and the Minister agree to implement a "flat fee" contribution approach as described in Section 4.13, then any refunds contemplated under this section would not be eligible in such "flat fee" circumstances.

4.19 Temporary Disconnection

Upon the request of the Customer, the Company shall disconnect temporarily any service that is being provided by the Company provided that upon the request to restore service the Customer will be responsible for and pay any applicable charges outlined in Section 4.17.

If the Customer requests that the service be permanently disconnected, the Customer billing for that service will be finalized and at the discretion of the Company, the facilities provided by the Company will be removed.

5. RIGHTS OF WAY AND ACCESS TO FACILITIES

5.1 Easements

The Customer shall grant, or cause to be granted, to the Company, without cost to the Company, such easements or rights-of-way over, upon or under the property owned or controlled by the Customer as the Company reasonably requires, to provide service to such a Customer.

5.2 Right of Access to Premises

amend → x The Company's employees or agents shall have the right to enter a Customer's property at all reasonable times for the purpose of installing, maintaining, monitoring and removing the Company's facilities and for any other purpose incidental to the provision of service or in cases where, in the opinion of the Company's officials, any emergency exists. For clarity, where the Customer's supply facilities are also critical elements of the larger transmission and distribution system, or where such facilities also supply multiple Customers, then access will be required on a 24 hour basis, 7 days a week.

The Customer shall provide the Company with reasonable access to Company facilities located on the Customer's property.

5.3 Vegetation Management

The Customer shall permit the Company to manage vegetation on the property owned or controlled by the Customer to maintain proper clearances and reduce the risk of contact with the Company's facilities.

The Company shall endeavor to notify a Customer before such work is performed.

5.4 Interference with Company's Facilities

Customers shall not place any structures that would interfere with the proper and safe operation of or access to the Company's facilities or which would adversely affect compliance with any applicable legislation.

Customers shall remove, on written request by the Company's employees or agents, any such structures even where situated on any private land. If the customer does not remove such structures within a reasonable time after being requested to do so, the Company may do so, and charge all associated costs to the Customer's account.

6. METERS

6.1 Installation

Except in cases where there is a Special Agreement to the contrary, the amount of electricity supplied to the Customer shall be ascertained by means of a meter or meters and other apparatus supplied and installed by the Company.

The Company shall provide, install and seal all meters necessary for measuring the energy supplied to a Customer, unless otherwise specifically provided in a contract with the Customer. Such meters and apparatus shall remain the property of the Company.

Each Customer shall provide and install a meter receptacle or other approved facilities suitable for the installation of the Company's meter or metering equipment. The Company shall have the right to require that the wires providing the connection between the Company's secondary (110V / 220V) lines and the meter must be fully visible at all times for inspection by the Company's personnel.

6.2 Location

Meter locations shall be approved by the Company based on type of service and convenience of access to the meter. Where a meter is installed on a Customer-owned pole, the pole shall be provided and maintained by the Customer.

6.3 Meter Tests and Adjustments

The Company may inspect and test a meter at any reasonable time. The Company may remove any meter that has been tampered with or that has been damaged, by a Customer

or otherwise, or any meter that is registering inaccurately. Where a meter or other apparatus belonging to the Company has been tampered with or damaged, the Customer shall pay to the Company the cost of repairing the meter, or if it cannot reasonably be repaired, the cost to replace it. Such cost may be included in the Customer's account for the supply of energy and shall be subject to the conditions of payment for the supply of energy.

At the request of the Customer, the Company shall test the accuracy of the meter to ascertain if it is within the prescribed range of plus or minus 2.5%. If it is outside this range, and there has been no tampering or interference with the meter, the Customer's account will be adjusted (with an additional charge or a refund) accordingly for the past 3 months, and the meter shall be repaired or replaced. Otherwise the recording of meters and other apparatus will be conclusive, and the Customer may be charged for the cost of the test. This cost will be set at \$2,000 for residential Customers, and for other Customers it will be \$2,000 or the cost incurred by the Company in investigating and testing the meter, whichever is greater.

In the event of electricity being supplied for any period before a meter is connected or of any equipment found to have been connected to a wrong meter or for any reason a meter has failed to record correctly the electricity used, the Company shall have the right to adjust the Customer's account accordingly (with an additional charge or a refund). The Company will exercise this right in a reasonable manner. If the Customer becomes aware of any such failure, he/she shall immediately notify the Company in writing.

In the event of unauthorized interference, whether by the Customer or otherwise, whereby electricity could have been consumed without being properly metered, the Company shall have the right to estimate the unrecorded consumption for a retrospective period not to exceed twenty four (24) months, and to include the resultant charges in the Customer's account.

Only persons authorized by the Company shall fix, connect, remove or work upon any meter, main fuse-box, seals, electric line or other apparatus belonging to the Company.

6.4 Energy or Demand Diversion

If under any circumstances, a person prevents a meter from accurately recording the total demand or energy supplied, the Company may disconnect the service, or take other appropriate actions, without notice. Under such circumstances the Company may request the customer to deposit in advance an amount equivalent of three (3) months estimated billing.

The Company may then estimate the demand and amount of energy supplied but not registered at the point of delivery for a retrospective period not to exceed twenty four (24) months. The Customer shall pay the cost of the estimated demand and energy consumption plus all costs related to the investigation and resolution of the diversion, and reconnection costs as applicable.

7. **METER READING AND BILLING**

7.1 **Regular Billing**

The Company shall provide bills to Customers on a monthly basis, or such other period as may be approved by the PUC. The bills shall include charges for service in accordance with the Tariff Schedules, plus any amounts outstanding with respect to other services provided or work done in respect of the Customer's service (including administrative charges).

This monthly billing obligation may be relaxed due to limitations of the Company's metering, billing and related administrative systems and processes or circumstances outside the reasonable control of the Company.

7.2 **Reading and Estimates**

Customers' meters shall be read by the Company's staff, its agents or its contractors. Bills will be based on meter readings from time-to-time or on estimates for those billing periods when the meter is not read, **such periods to be kept to a reasonable minimum.** Estimates will be based on the previous and expected usage patterns for the Customer.

Whenever a bill is based on an estimate, **an adjustment to reflect actual usage will be made after the meter is next read.**

For Customers whose load requirements are small, consistent, and can be accurately predicted, the billing demand and the kWh consumption may be determined from the name-plate rating of the Customer's equipment rather than being metered, unless the Customer requests a meter in which case the Company will install such meter as soon as reasonably possible.

7.3 **Demand Calculations and Power Factor Penalties:**

- (a) Demand shall be calculated as the average demand in any interval of fifteen minutes. The Company shall use demand metering which is designed to accommodate this requirement. The fifteen minute requirement shall be relaxed to the extent that existing metering, or metering in inventory or on order as at closing, is designed to facilitate a different requirement.
- (b) The Customer shall at all times ensure that the demand does not exceed the level specified according to Section 4.1(a), and shall be responsible for the cost of preventing any disturbance or deterioration of supply to any other Customer which is caused by such excess. Upon such excess being brought to the attention of the Company, whether through notification by the Customer or otherwise, it shall be treated as an application for a new connection or changed service in accordance with Section 4.1(a).

- (c) Where the electricity supply is provided over more than one phase, the Customer shall ensure that the load is balanced as evenly as possible between the phases at all times.
- (d) The Customer shall not operate at a leading power factor, and shall take all reasonable steps to ensure that the average power factor at which supply is used is as close to unity as possible. The Company may, in its discretion, make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor as determined by the Company is less than 0.95 lagging, or is leading, the Company may require the Customer, at the Customer's expense, to install power factor corrective equipment to ensure that a lagging power factor of not less than 0.95 is maintained.
- (e) If a Customer neglects or refuses to install such power factor corrective equipment or auxiliaries as required above forthwith upon a request by the Company to do so, the Company may in its sole discretion:
 - (i) disconnect service; or
 - (ii) increase the Customer's bill for electricity by a surcharge equal to 0.6% for each 0.01 (or portion thereof) that the Customer's power factor is less than 0.95. The amount of the surcharge so determined shall be added to the minimum bill, or to the calculation of the bill under the rate clause, whichever is the greater.

For any billing period in which a Customer's power factor is less than 0.95, the Company may apply the surcharge described above regardless of whether or not the Company has previously requested that the Customer install power factor corrective equipment, except that until six months after written notification is provided by the Company to the Customer, the Company will waive such surcharge if the Customer was a customer at the time of closing, and is taking reasonable steps to correct their lagging or leading power factor in accordance with the requirements of this section.

7.4 Pro-ration of Initial and Final Billings

The amount of any initial and final charges, other than energy, may be prorated, based upon the ratio of the number of days that service was provided to a Customer in the billing period to the total number of days in the billing period.

For all new accounts, the Company may add the charges for service provided during the initial period to the bill for the following billing period.

7.5 Payment of Accounts

- (a) The Customer is liable to the Company in accordance with tariff schedules for payment of accounts for all electricity consumed or estimated to have been consumed on his premises or on foot of a contract for supply of electricity.

- (b) This liability continues until termination of the agreement in accordance with Section 11.1 below, even though the Customer may in the meantime have vacated the premises.
- (c) Unless otherwise agreed in an agreement between the Customer and the Company, every invoice issued by the Company, including an estimated account, is payable within 21 days of the issue of the invoice. Methods of payment including direct debit may be specified by the Company from time to time in the invoice.
- (d) Consumption or charges may be estimated by the Company for the purpose of issuing invoices between actual meter readings. Such estimates shall be accepted by the Customer as constituting his liability for the period indicated. Any necessary adjustment will be made on the basis of subsequent actual meter readings. The adjustment will be made in the invoice following the next meter reading or, in the case of a significant discrepancy, on request by the Customer.
- (e) Failure to receive a bill does not release a Customer from the obligation to pay the amount owing for any service provided by the Company.
- (f) If a Customer quits any premises at which the Company has supplied electricity, without paying all charges due, the Company may refuse to furnish such Customer or any other applicant who seeks to procure a supply of electricity in his/her name for the benefit of the defaulting customer, with a supply of electricity at the same or any other premises, until he/she pays the amount due.
- (g) If a Customer who receives service at more than one location fails to pay the bill for service at that location, such unpaid amount may be added to that Customer's bill for service at the second location.

7.6 Late Payment Charge

Notwithstanding Section 15(4) of the Third Schedule of *Electricity Sector Reform Act*, if the full amount of a bill rendered by the Company is not paid within 21 days after the issuance of such bill, the Company shall be entitled to charge interest on the amount remaining unpaid after the 21 day period at a rate not to exceed the prime rate charged by banks in Guyana, plus an additional 10%, per annum.

7.7 Dishonored Cheques

The Company may add a service charge to a Customer's bill in respect of any cheque returned by the Customer's bank for any reason. The service charge shall be equal to \$1000 plus any third party costs incurred by the Company. Changes to the quantum of this charge may be effected by the Company with the approval of the Minister.

8. SERVICE CHANGES

8.1 Notice by Customer

A Customer shall give to the Company reasonable prior written notice of any increase in service requirements, including any increase in expected and peak demand and energy consumption, to enable the Company to determine whether or not it can supply such revised service without changes to its facilities. In accordance with Section 4.2, the Company will advise the Customer in these circumstances of the lead time required to facilitate this increased service requirement.

Unless otherwise agreed in a contract between the Customer and the Company, a Customer wishing to decrease his service requirements (including any decrease in his Contracted Maximum Energy Consumption or Contracted Maximum Demand) shall be required to provide the Company with written notice to such effect, according to the following notice periods:

<u>Reduction in Customer's Demand</u>	<u>Notice Period</u>
0 to 50 kVA	20 working days
50 kVA to 1,000 kVA	6 months
1,000kVA to 5,000kVA	12 months
over 5,000kVA	24 months

Note that in cases where the demand is not metered, the "Reduction in Customer's Demand" shall be estimated by the Company.

8.2 Company's Right to Reduce Capacity

Where the contracted supply capacity is being underutilized, the Company reserves the right to reduce the contracted supply capacity to a new level which is not less than the maximum capacity used in the preceding three years.

8.3 Responsibility for Damage

The Customer shall be responsible for all damage caused to the Company's facilities as the result of the Customer changing service requirements without the Company's permission.

8.4 Changes to Company Facilities

If the Company must modify its facilities to accommodate a change in the Customer's load or service, the Customer shall pay for all costs in connection with such modification including the following costs:

- (a) the estimated cost of removing the existing facilities, less the estimated salvage value; plus

- (b) the estimated cost for the installation of new facilities, including overheads, less any applicable increased Company investment associated with any increase in the Customer's contracted service requirements, as specified in Schedule A.

8.5 Forgiveness of New Peak Demands

The Company will forgive new peak demands when:

- (a) the new peak demand is the result of a Company power outage which consequently required the simultaneous start of the Customer's equipment. In this situation, the Customer's normal peak demand will replace the new peak demand for billing purposes; or
- (b) the new peak demand is the result of a fire, explosion or similar disaster at the Customer's facility. In this situation, the new peak demand will be used for billing purposes for the billing period during which the new peak demand was established, but it will be waived for minimum demand charge purposes for future bills, and the Contracted Maximum Demand shall not be increased due to the new peak demand.

9. COMPANY RESPONSIBILITY AND LIABILITY

9.1 Continuous Supply

The Company shall make all reasonable efforts to maintain a continuous supply of energy to its Customers, but the Company cannot guarantee an uninterrupted supply of energy.

9.2 Planned Outages

The Company reserves the right to interrupt, discontinue or reduce the supply of energy to any Customer to allow for repairs and improvements to its facilities.

The Company shall endeavor to give prior notice to Customers who will have service interrupted and will endeavor to ensure that such interruptions are as short and infrequent as circumstances permit.

9.3 Company Liability

The Company shall not be liable for any loss, damage, expense, charge, cost or liability of any kind (excepting only direct physical loss, injury or damage to a Customer or a Customer's property, resulting from the negligent acts or omissions of the Company, its employees or agents) arising out of or in any way connected with any failure, defect, fluctuation, reduction or interruption in the provision of service by the Company to its Customers. For the purpose of the foregoing and without otherwise restricting the generality thereof, "direct physical loss, injury or damage" shall not include loss of profits, loss of earnings, or any other similar damage or loss whatsoever, arising out of or in any way connected with the failure, defect, fluctuation, reduction or interruption in the provision of service to a Customer.

9.4 Supply Failure in Extraordinary Circumstances

Should the Company be unable, because of extraordinary circumstances, to provide a continuous supply of energy to a Customer, the Company's responsibilities, so far as they are affected by the extraordinary circumstances, shall be suspended during the duration of such circumstances. Where practical, the Company shall give notice to the affected Customers of such extraordinary circumstances.

10. CUSTOMER RESPONSIBILITY AND LIABILITY

10.1 Provide Permit

The Customer shall provide necessary permits, licenses and authorizations prior to commencement of service or any change of service requirements at any point of delivery.

10.2 Customer Responsibility

The Customer shall be responsible for the installation and condition of all facilities on the Customer's side of the point of delivery, except metering or other equipment owned by the Company.

The Customer shall indemnify and save harmless the Company from and against any claim or demand for injury to persons or damage to property arising out of or in any way connected with the use of the service so long as such injury or damage is not caused by the grossly negligent acts or gross omissions or willful misconduct of the Company, its employees and agents.

Neither the connection of the supply of electricity to, nor the approval, inspection or testing of, a Customer's facilities shall imply any warranty that the facilities are safe or suitable for any purpose, and the Company shall not be liable for any injury, loss or damage resulting directly or indirectly from any defect or inadequacy in a Customer's facilities.

The Customer shall be responsible for safe keeping of all of the Company's meters, main fuse boxes, electric lines and other apparatus placed on the Customer's premises or under the Customer's control. The Customer will be liable for the cost of making good and repairing any damage to Company facilities or injury for which the Customer is responsible. The Customer shall also be liable for the charges for electricity estimated to have been consumed and unrecorded, in the manner provided elsewhere in this document.

10.3 Protective Devices

The Customer shall be responsible for determining whether he needs any devices to protect his equipment from damage that may result from the provision of service by the Company. The Customer shall provide and install any such devices on the Customer's side of the meter.

10.4 Service Calls

The Company may require a Customer to pay the actual costs of a Customer-requested service call if the source of the problem is the Customer's own facilities.

11. TERMINATION OF SERVICE

11.1 Customer-requested Termination

A residential Customer, or a commercial Customer whose Maximum Contracted Energy Consumption is less than 6000kWh/year, may, at any time, give the Company a minimum of twenty working days written notice that he wishes to terminate his service. Upon receipt of such notice, the Company shall read the Customer's meter within a reasonable time and endeavour to disconnect supply on the requested day. A Customer is liable for all service provided to the time of such disconnection and reading.

The Customer may arrange for termination of service to be effected without disconnection, if satisfactory arrangements for transfer of liability to a person acceptable to the Company are in place. Charges for connection of the new Customer and establishment of that new Customer's account shall be effected in accordance with Section 4.3 "Connection Fee".

Unless otherwise specified in an agreement between a Customer and the Company, notice periods which shall apply to all other Customers who wish to terminate their service, shall be as follows:

<u>Capacity Rating of Customer's Service</u>	<u>Notice Period</u>
0 to 50 kVA	20 working days
50 kVA to 1,000 kVA	6 months
1,000kVA to 5,000kVA	12 months
over 5,000kVA	24 months

11.2 Company Termination for Safety Reasons

The Company may, without notice, terminate a Customer's service where, in the Company's opinion:

- (a) the Customer's installation or use of electricity is such as to interfere with the satisfactory operation of the Company's system or to cause interference or disturbance to the service of other Customers;
- (b) the Customer's installation is in a dangerous condition; or
- (c) installation or use of the Customer's facilities fails to comply with applicable law.

11.4 The Company will reconnect the service when the problem is resolved and when the Customer has provided, or paid the Company's costs of providing, such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance.

11.3 **Company Termination Other Than For Safety**

The Company, or anyone acting under its authority, may, upon giving at least 48 hours' notice to the Customer in the case of the grounds listed at subparagraphs (d) and (h) below but without notice in the case of the other grounds listed, disconnect the Customer's service or install a current-limiting device to restrict the service to such Customer if the Customer:

- (a) violates any provision of these Standard Terms and Conditions or of the Company's tariff or of the Regulations under the *Electricity Sector Reform Act*;
- (b) tampers with any service conductors, meters, seals or any other facilities of the Company;
- ✓ (c) neglects or refuses to pay the charges for service due to the Company within 21 days of the date the bill for such service was issued, including bills relating to consumption of electricity provided by the Guyana Electricity Corporation;
- ✓ (d) violates the provision of any contract or rate schedule applicable to the service;
- (e) changes service requirements without the permission of the Company;
- (f) extends supply for use by other party whom the Company considers to be a separate Customer;
- (g) makes fraudulent use of the service being provided; or
- ✓ (h) fails for two consecutive months or more to ensure that the Company has access to the relevant meter.

The Company shall charge the Customer for the expense of disconnecting the supply under these circumstances.

The Company may reconnect the service when the problem is resolved and when the Customer has provided, or paid the Company's costs of providing, such devices or equipment as may be necessary to resolve such problem.

The Company may also disconnect supply, where alterations, repair, renewal or maintenance of the Company's system or the Company's property or means of supply require the disconnection of the Customer's supply, and will endeavour to provide reasonable notice of such disconnection to the Customer. In such situations, the Company will reconnect the Customer as soon as it is practicable to do so without any charges to the Customer affected.

11.4 Removal of Facilities

Upon termination of service, the Company shall be entitled to remove any of its facilities located upon the property of the Customer and to enter upon the Customer's property for that purpose.

11-5.

11.5 Cost of Facilities

The cost of facilities shall include the cost of materials, labor, and overhead, and the cost of carrying the facilities until they are ready for use. The cost of facilities shall also include the cost of removal of facilities.

1. "Direct Cost of Facilities" means the cost of materials, labor, and overhead, and the cost of carrying the facilities until they are ready for use.

2. "Indirect Cost of Facilities" means the cost of carrying the facilities until they are ready for use, including the cost of interest on the investment in the facilities, the cost of depreciation, and the cost of maintenance and repairs.

3. "Total Cost of Facilities" means the sum of the Direct Cost of Facilities and the Indirect Cost of Facilities.

In computing the Total Cost of Facilities, the Company will include the estimated cost of materials, labor, and overhead, and the estimated cost of carrying the facilities until they are ready for use.

11.6 Customer's Investment

SCHEDULE A

MAXIMUM COMPANY INVESTMENT and CUSTOMER CONTRIBUTIONS

When a Customer requests that the Company provide a new or modified electrical service, the Company will review the Customer's service requirements and determine:

- a) any facilities which must be modified or added to facilitate the Customer's load (the "Supply Facilities"), and the cost thereof;
- b) the maximum amount that the Company will invest in such facilities (the "Maximum Company Investment"); and
- c) the amount, if any, which the Customer will be required to contribute towards the cost of these facilities (the "customer contribution").

1.0 Supply Facilities:

For each new or modified Customer service, the Company will determine the Supply Facilities required to facilitate the Customer's load, and the cost thereof ("Cost of Supply Facilities"). The Supply Facilities can include new facilities, or modifications to existing facilities. Supply facilities are grouped as follows:

- a) "System Facilities": These are the power system facilities which include generating plants, and transmission lines, substations, and distribution facilities which operate at or above 4,000 volts;
- b) "Secondary Distribution Facilities": These are the power system facilities which facilitate the distribution of electricity from System Facilities to the Customer's Direct Connection Facilities. Transformers which step-down the voltage from 4,000 Volts or higher to the secondary voltage level (e.g. 120V, 240V or 415V, or such other secondary voltage as is adopted as a standard by the company) are included in Secondary Distribution Facilities. Secondary lines which connect these transformers to the Direct Connection Facilities are also included in Secondary Distribution Facilities; and
- c) "Direct Connection Facilities": These are the facilities required to connect the Customer's service to a nearby secondary voltage line. The Customer's meter is part of the Direct Connection Facilities.

In estimating the "Cost of Supply Facilities", the Company will include the estimated cost of materials, labour, and expenses, including allocated overhead and related indirect costs.

2.0 Maximum Company Investment:

The Company will invest in those Supply Facilities required to facilitate the Customer's service requirements, up to the Maximum Company Investment which is dependant on (i) the amount of electrical load being added by the Customer, and (ii) the tariff category applicable to the Customer, as outlined below.

As described in Section 3.0 Customer Contribution below, "Additional Investment" can be applied to System Facilities, and/or Secondary Distribution Facilities, and/or Direct Connection Facilities as the situation requires.

(a) Residential Service (Tariff 'A'):

- System Facilities:** The Company will invest, free of charge to the Customer, in the following:
- the generation facilities required to serve the Customer's load, and
 - modifications to any other **existing** System Facilities, which modifications must be undertaken to accommodate the Customer's load requirements.
- Direct Connection Facilities:** The Company will invest, free of charge to the Customer, in the following:
- the meter, and
 - for those residential Customers whose load is expected to be above 300kWh/year, up to 60 feet of secondary line, to the nearest secondary voltage pole/connection point (for each individual Customer connection).
- Additional Investment:** In addition to the above, for those residential Customers whose load is expected to be above 3000kWh/year (subject to the Company's confirmation of the expected load) the Company's will invest up to G\$10,000 for every 1000kWh/year of expected consumption above 3000kWh/year to the extent that such Additional Investment would offset what would otherwise be a required customer contribution.

(b) Commercial Service (Tariff 'B'):

- System Facilities:** The Company will invest, free of charge to the Customer, in the following:
- the generation facilities required to serve the Customer's load, and

- modifications to any other **existing** System Facilities, which modifications must be undertaken to accommodate the Customer's load requirements.

Direct Connection Facilities: The Company will invest, free of charge to the Customer, in the following:

- the meter, and
- for those commercial Customers whose load is above 300kWh/year, up to 60 feet of secondary line, to the nearest secondary voltage pole/connection point (for each individual Customer connection).

Additional Investment: In addition to the above, the Company will invest up to G\$10,000 for each 1000kWh of (annual) Contracted Maximum Energy Consumption above 6000kWh/year, to the extent that such Additional Investment would offset what would otherwise be a required customer contribution.

(c) Industrial Service (Tariffs 'C' and 'D'):

System Facilities: The Company will invest, free of charge to the Customer, in the generation facilities required to serve the Customer's load.

Direct Connection Facilities: The Company will invest, free of charge to the Customer, in the Customer's meter.

Additional Investment: In addition to the above, the Company will invest up to G\$20,000 per kW of Maximum Contracted Demand for Customers with an expected load factor of 25% or more (as determined by the Company), to the extent that such Additional Investment would offset what would otherwise be a required customer contribution. For clarity, Customers with an expected load factor less than 25% will not be entitled to this or any Additional Investment.

d) Street Lighting (Tariff 'E'):

System Facilities: The Company will invest, free of charge to the Customer, in the generation facilities required to serve the Street Lighting load.

Notes:

1. For clarity, modifications to existing System Facilities do not include construction of new extensions to such facilities (e.g. new distribution lines, etc.).
2. The Maximum Company Investment amounts shown above are related only to *additional* load which the Customer is connecting to the Company's system.
3. Beginning in 2001, the "Additional Investment" amounts shown under subparagraphs (a), (b) and (c) above will be increased or decreased in proportion to the tariffs for each respective tariff category. Hence, if the Industrial Tariff for year 2001 is 5% higher than that for year 2000, then the Additional Investment amount of G\$20,000 per kW will be increased to G\$21,000 per kW. These increased or decreased Additional Investment amounts will be rounded to the nearest G\$1000.

3.0 Customer Contribution:

For each new or modified service, in accordance with the provisions above, the customer contribution shall be determined as follows:

$$\text{Customer Contribution} = \text{Cost of Supply Facilities} - \text{Additional Investment}$$

where:

Cost of Supply Facilities is as outlined in 1.0 above.

Note that certain elements, such as the Customer's meter plus 60 feet of secondary line in the case of residential Customers (who consume more than 300kWh/year), are to be provided at no cost to the Customer, and hence would be allocated a \$0 cost here.

Additional Investment is as outlined in 2.0 above.

SCHEDULE B

RURAL ELECTRIFICATION

- “Rural Electrification Situation” Rural Electrification Situations are those where a community of 40 or more previously unserved Customers are seeking electric service from the Company, and are all located more than 2 miles from the nearest Company distribution (>4,000 volts) line.
- “Subsidised Customer Contribution”:
- In Rural Electrification Situations, and subject to Supplemental Funding being provided in the manner described below, the customer contribution amounts described in Schedule A will be paid in accordance with the following approach:
- 25% of the customer contribution otherwise required per Schedule A will be provided by the Company, to a maximum of US\$1 million per year for each of the 5 full fiscal years after October 1, 1999.
 - 75% of the customer contribution otherwise required per Schedule A will be provided by Supplemental Funding.
- “Supplemental Funding”:
- This is funding from a combination of sources, including Customers, funding agencies, etc. as organised through discussions facilitated by the Government of Guyana and the Company. A minimum of one-third of the Supplemental Funding must be provided by the Customers who will benefit from the provision of service.

Schedule B - APPENDIX 1

Unservd Areas Electrification Programme

“Unservd Areas Electrification Programme”:

On 9th May, 2001, the Company entered into an agreement with the Government relating to the electrification of previously unserved areas (the “UAEP Agreement”). The May 9, 2001 Agreement was replaced with the UAEP Project Agreement of October 15, 2004. The UAEP Project Agreement is effective as of October 15, 2004 and shall expire on December 31, 2009, unless earlier terminated or extended pursuant to its terms. During the term of the UAEP Agreement, the provisions of Schedule B shall be suspended and replaced by this Schedule B - Appendix I. All references contained in the licence to Schedule B shall be construed to relate to this Schedule B- Appendix 1.

1. Scope

- 1.1** The qualifying areas are collectively referred to herein as “Unservd Areas” and the Unservd Areas Electrification Programme is referred to herein as the “UAEP”. The specific unserved areas to be electrified will be those mutually agreed to (area by area) by GPL and Government of Guyana (GoG).
- 1.2** Broad guidelines for designating Unservd Areas are:
 - 1.2.1 the Unservd Areas are to be well defined, contiguous locations with recognisable natural geographic features;
 - 1.2.2 the minimum distance from existing networks previously specified in Schedule B of these Standard Terms & Conditions is eliminated for the UAEP;
 - 1.2.3 it is not envisaged that new housing developments (i.e. which have no premises constructed as of the last date of the proposed Designated Application Period, which is approximately 3 months) will be designated under the UAEP, whether adjacent to or remote from GPL's system. Long standing areas with a mix of old and new developments may be designated;
 - 1.2.4 it is not envisaged that individual connections will be designated under the UAEP, whether adjacent to or remote from GPL's system, however GoG as part of its socio-economic development policy may designate additional funding to subsidise individual connections in areas that are already served; in such cases GPL's contribution will not apply; and
 - 1.2.5 it is not envisaged that areas remote from GPL's system will be designated under the

UAEP. As a guideline, any area with a cost of connection in excess of G\$200,000 per customer is not anticipated to be designated under the UAEP.

- 1.3 The intention of the UAEP is to provide electricity supply to unserved areas and customers, which will generate a viable revenue stream to GPL thereby minimizing upward pressure on rates paid by GPL's other customers.

2. Funding / Payments

- 2.1 GPL has agreed that it will contribute up to US\$1 million per annum for five years (the "GPL Funding") to Rural Electrification. These monies will now be directed towards the UAEP. The GPL Funding will constitute no more than 25% of Total Actual Project Cost.

GoG will provide funding at least equal to the GPL Funding (the "GoG Funding"), and GoG payments will be made in advance of work commencing.
- 2.2 The GPL Funding and the GoG Funding will be used only for service connections to "Rate A (Residential)" and "Rate B (Commercial)" customers who have paid in advance the UAEP Connection Charges described in Section 2.3 below. Other types of customers, who by definition generally require more specialised supply facilities, will be required to pay the normal customer contributions in accordance with the Standard Terms and Conditions, subject to Section 2.7 below. Any such capital contributions are to compensate GPL for the fact that the cost of supply is greater than is justified by the customers' projected revenue stream relative to the cost of constructing the network required to provide supply. As such, these contributions flow into GPL's customer contribution account.
- 2.3 Customers in Unserved Areas who qualify for "Rate A (Residential)" or "Rate B (Commercial)" will be charged G\$10,000 for connection under the UAEP (the "UAEP Connection Charge"). This charge may be amended if agreed between GoG and GPL.
- 2.4 The UAEP Connection Charges can be paid by the lawful occupant or property owner. In either case, these customer contributions are non-refundable under any circumstances except where construction in a given unserved area does not commence within nine (9) months.
- 2.5 For each unserved area, GPL will provide and publicise a period "Designated Application Period" (approximately three months) within which prospective customers in that unserved area will have the opportunity to pay the UAEP Connection Charges to GPL. Provided that Government and customer obligations are met, GPL will take reasonable steps to provide the networks required for supply within six months of the end of each Designated Application Period.
- 2.6 For each unserved area GPL will determine an estimate of the number of potential consumers ("Estimated Potential Customers") based on a cadastral survey map produced by a Sworn Land Surveyor. In each unserved area, 50% or more of the Estimated Potential Customers must make their UAEP Connection Charge payments to GPL before construction of the Project can be initiated by GPL. This minimum threshold may be

varied by agreement between GoG and GPL. In the event that the threshold of 50%, or any other threshold agreed to between GoG and GPL is not reached within the Designated Application Period through customer contributions or otherwise, customer payments will be refunded as expeditiously as possible, but in any event no later than six months after payments have been received by GPL.

- 2.7 If, during the electrification process or within three years after an Unserved Area is electrified under the UAEP, other customers within the boundaries of an area or outside it seek connection to networks constructed under the UAEP, the charge payable by such customers will be (i) the UAEP Connection Charge applicable in the year of their application for connection; or if the UAEP has been terminated, the amount applicable in the final year of the UAEP or (ii) the customer contribution as determined by the Standard Terms and Conditions, whichever is greater.

Subsequent to the three-year period described above, new applications for connection will be dealt with according to the Standard Terms and Conditions.

- 2.8 For the purposes of the UAEP or subsequent connections to networks built under the UAEP, the year of application by the customer will be determined by the date on which the Designated Application Period for the area closed or the actual date on which the customer application is made, whichever is later.
- 2.9 Customers supplied under the terms of the UAEP or from UAEP networks will not be entitled to receive refunds (which they otherwise may be entitled to under the Standard Terms and Conditions) of all or any part of the UAEP Connection Charges, even if those networks are utilised for other purposes.

3. Initiation of the Programme

- 3.1 Final connections will only be made where the customer has provided an electrical installation to which a connection can be safely made, and has met any other requirements specified in *Electricity Sector Reform Act 1999*, the Standard Terms and Conditions and other applicable regulations.
- 3.2 In addition to the UAEP Connection Charges, each customer will be required to pay the security deposit and any other normal fees, in accordance with the Standard Terms and Conditions.