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## LICENSING AND INVESTMENT ENDORSEMENT GUIDELINES FOR PROJECTS IN THE ELECTRICITY SUB-SECTOR

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### OBJECTIVE AND PURPOSE

1. The purpose and objective of these guidelines are to inform and guide promoters or developers of eligible projects in the Electricity sub-sector of the procedural requirements that may be applicable in their projects and whose fulfillment is recommended for successful execution of the projects

2. While the procurement of an Investment Endorsement is not mandatory, its procurement is likely to guarantee the issuance of an appropriate licence (in cases where project promoters do not have an existing licence) and assure the investors that the tariff advised by the ERB in the Investment Endorsement will be applicable upon issuance of a licence and commencement of operations.

3. (1) These Guidelines shall apply to any new material investment by a licensee or an unlicensed entity intending to undertake a project in the Electricity sub-sector.

(2) These Guidelines shall not apply to –

- (a) modification of licensed generating capacity that shall not increase the available capacity at a generating station by more than five per centum; and

- (b) extensions of existing transmission or distribution systems where the increase in overall transmission or distribution capacity, or the number of users connected to the network does not increase to more than five per centum.

4. In these Guidelines, unless the context otherwise requires –

“**endorsement**” means, a consent from the Board; and  
“**material new investment**” means, the expansion of a facility through an incremental investment amounting to at least five per centum of the sum of capital investment or increase in capacity by more than five per centum.

#### **INVESTMENT ENDORSEMENT**

5. Where a licensed or unlicensed entity is proposing to develop a new generating station, transmission line, that entity may apply for an investment endorsement in accordance with these Guidelines.

6. An application under these Guidelines shall include but not limited to the following information: –

- (a) a description of the location of the proposed works;
- (b) a technical description of the proposed works in sufficient detail to allow assessment of the technical impact of the works and its relationship to the estimated costs;
- (c) details of the estimated cost of the proposed works

including capital, operating, fuel and other relevant costs together with the phasing of all such costs over a period of time;

- (d) details of any loans or agreements with third parties entered into or intended to be entered into by the licensee that are related to the financing of or payment for the works, including any power purchases or sale agreements;
- (e) a technical and economic justification of the proposed works showing why the proposed solution or approach is optimal with particular regard to assumptions made by the licensee about the variation costs over time and the need to meet demands securely and at such reasonable costs;
- (f) the licensee's proposals for inclusion of any or all of the costs of the proposed works in its consumer tariffs including the timing and extent of proposed inclusion of costs for one or more consumer or classes of consumers;
- (g) any other information that the licensee considers appropriate to explain and justify the nature of the proposed works in preference to other alternative means at its disposal to meet its licence objectives; and
- (h) any other information that the Board may consider necessary.

7. (1) In considering an application for an investment endorsement under these guidelines, the Board shall take into account the:

- (a) the costs of the works for the purpose of setting

tariffs for the Applicant under the Energy Regulation Act and the Electricity Act;

- (b) the need for the works;
- (c) such costs including financing, timely delivery;
- (d) other factors that the Board considers relevant;  
and
- (e) the optimality of the approach or solution proposed by the Applicant.

8. Any conditions intended to be included in the Investment Endorsement shall be communicated to and discussed with the Applicant prior to being finalized.

9. Any condition specified in the endorsement may relate to any relevant issue, including:

- (a) the extent to which costs of the proposed works may be permitted to form part of the proposed works;
- (b) the consumers or consumer classes that may be affected by the costs of the proposed works;
- (c) the effects of changes to the estimated costs or expected in-service dates of proposed works and the resulting effects on future tariffs; and
- (d) the period within which the endorsement shall remain valid.

10. Any condition included in the Investment Endorsement relating to tariffs may at the Board's sole discretion be included in the Licence to be subsequently issued to the Applicant.

11. All endorsements shall be issued by the Board in duplicate originals and one copy shall be issued to the Applicant and one shall be kept on file by the Board.

## **GENERAL**

12. The Board may on its own motion or at the request of the Applicant amend the conditions specified in an endorsement taking into account any available new information.

13. An Applicant to whom an Endorsement has been issued shall submit to the Board a progress report on the works undertaken every six months or at such intervals as the Board may determine.

14. An Applicant to whom an Endorsement has been issued shall notify the Board as soon as practicable of any material change to the works, including the technical aspects, costs, estimated in-service date, or other factors.

15. The Board may request from an Applicant before or after an Endorsement has been issued for any other information concerning the works or project.

16. The Board may carry out an audit of documents and site visits relating to works carried out by an Applicant before or after an Endorsement has been issued.

17. The Board shall file in the Public Register any information relating to an application for an endorsement

or its amendment.

18. Any refusal by the Board to grant an endorsement of any aspect of the project, shall not prejudice the applicant in its intended investment project, provided that in determining any tariffs or prices for the services to be provided by the applicant, the Board shall not take into account the disallowed costs of the investment as expenses.

19. Except for any confidential information, or documents, the public record of an endorsement proceeding shall be open to the public in accordance with the Energy Regulation Rules.