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**REGULATION N° 01/R/EL-EWS/RURA/2015  
GOVERNING THE SIMPLIFIED LICENSING  
FRAMEWORK FOR RURAL  
ELECTRIFICATION IN RWANDA**

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**PREAMBLE**

The Regulatory Board of the Rwanda Utilities Regulatory Authority,

Pursuant to the law n°21/2011 of 23/06/2011 governing Electricity in Rwanda especially in Articles 7, 13 and 26;

Pursuant to Law n° 09/2013 of 01/03/2013 establishing Rwanda Utilities Regulatory Authority (RURA) and determining its mission, powers, organization and functioning especially in Articles 2, 3, 8, 10, 20, 37, 47 and 48;

Whereas RURA has issued Electricity Licensing Regulations No. 002/ENERGY/EL/RURA/2013 which apply to any person carrying out, or intending to carry out generation, transmission, distribution and trade of electrical power within or outside the Republic of Rwanda;

Considering the validation workshop held in Kigali City at Hotel des Mille Collines on the 28<sup>th</sup> and 29<sup>th</sup> January 2014;

And whereas upon due consideration and deliberation in its Session of 30<sup>th</sup> July 2015;

Hereby issues the following regulation:

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## **CHAPTER ONE: GENERAL PROVISIONS**

### **Article one: Purpose**

The purpose of this Regulation is to establish a simplified regulatory framework in order to expedite licensing for rural electrification projects.

### **Article 2: Definitions of Terms**

Unless the context otherwise requires, the following terms shall have the following meanings:

- 1. Authority:** Rwanda Utilities Regulatory Authority (RURA);
- 2. Electricity Licensing Regulations:** Regulations No 002/ENERGY/EL/RURA/2013 of 25<sup>th</sup> July 2013 on Electricity Licensing adopted by the Regulatory Board;
- 3. Isolated Grid:** a distribution network without connection, whether direct or indirect, to a transmission network that is operated by the transmission Licensee;
- 4. KVA:** kilo-Volt Ampere;
- 5. KVAr:** Kilo-Volt Ampere Reactive;
- 6. KWh:** Kilo-Watt hour;
- 7. Large Distribution Network:** A licensed electricity distribution network with at least [20,000] active customer connections;
- 8. License:** refers to any document issued by the Authority which authorizes the licensee to carry out the activities specified in the license under the conditions prescribed therein;
- 9. Licensee:** any person who holds one of the licenses issued by the Authority under this Regulation;
- 10. Medium Size Isolated Grid:** an isolated grid that has a net generation capacity that is between 100 kW and 1MW;
- 11. Person:** an individual or organization which is legally permitted to enter into a contract, and be sued if it fails to meet its contractual obligations;
- 12. Small Isolated Grid:** An isolated grid that has a net generation capacity that is between 50 kW and 100 kW (50-100 kW);

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- 13. Small Power Distribution:** Distribution and trade of electrical power in grid connected rural areas using electricity purchased in part or entirely from one or a combination of transmission licensees, or one or more other distribution licensees, or one or more Small Power Producers and with less than 20,000 active customer connections and a capacity below 1MW;
- 14. Small Power Producers:** Licensed generators with an installed capacity below a level defined by the Authority from time-to-time but currently 5MW.

### **Article 3: Scope**

This regulation shall apply to:

- a. Any person carrying out or intending to carry out generation, distribution and trade of electrical power using an Isolated Grid in rural areas; and
- b. Any person carrying out or intending to carry out the distribution and trade of electrical power in rural areas using electricity purchased in part or entirely from one or a combination of a transmission licensee, one or more other distribution licensees, or from a Small Power Producer.

### **Article 4: Exclusion and Exemption**

- 4.1. This regulation shall not apply to Large Isolated Grids that, at the time of commissioning or subsequently following expansion, have total net generating capacity that is connected to the Isolated Grid of more than one (1) MW;
- 4.2. Very Small Isolated Grids that, at the time of commissioning or subsequently following expansion, have total net generation capacity of less than 50 kW (< 50 kW) shall be exempted from licenses issued under this Regulation. The Developer of a Very Small (<50kW) Isolated Grid shall however notify the Authority on such activity prior to its commencement.

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## **CHAPTER II. LICENSING REGIME AND LICENSE REQUIREMENTS**

### **Article 5: Projects subject to a Simplified Electricity License**

The developers intending to carry out the following activities shall apply for a Simplified Electricity License:

- a. Medium size Isolated Grids that, at the time of commissioning or subsequently following expansion, have total net generation capacity that is connected to the Isolated Grid of between 100 kW and 1 MW( 100 kW-1MW);
- b. Small Isolated Grids that, at the time of commissioning or subsequently following expansion, have total net generation capacity that is connected to the Isolated Grid of between 50 kW and 100 kW (50-100kW); and
- c. Small Power Distribution networks that, at the time of commissioning or subsequently following expansion is connected to the Isolated Grid of at least one (1) MW.

### **Article 6: Simplified License Application Process**

- 6.1. An applicant for a simplified license under this Regulation shall complete the application form specified in Schedule 1;
- 6.2. Application forms shall be collected from the Authority headquarters, website or any other areas specified by the Authority;
- 6.3. All application forms shall be submitted in typewritten form or in an electronic form approved by the Authority. In the latter case, the applicant shall underline a statement to the electronic form confirming that the electronic version is identical to the typewritten form to be submitted later to the Authority;
- 6.4. All confirmations or certifications required for the simplified license application must be submitted in a verified copy;
- 6.5. The simplified license application form, with all attachments, must be signed by the applicant or his/her authorized representative. The signatory party must sign a verification statement that:
  - a. All information provided to the Authority in the application form is true and correct to the best of the applicant's knowledge; and

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- b. The applicant accepts responsibility for payment of all future regulatory charges and fees, as established by the Authority for the simplified license holders.
- 6.6. The simplified license application shall be accompanied by a cover letter which contains:
- a. a statement describing the type of license required;
  - b. the term of the license requested;
  - c. in the case of an application for the renewal of a license, any significant change in license terms and conditions requested compared to the current license.

#### **Article 7: Required documents to apply for a simplified license**

An application for a simplified license must be accompanied by the following documents:

- a. Company registration certificate specifying that electricity services are one of the businesses to carry out;
- b. District Authorization approving planned activities at the site;
- c. Where applicable, an Environmental Impact Assessment Certificate;
- d. A description of any interactions with government institutions on the project to date, including a copy of any supporting documents obtained;
- e. A Business Plan outlining the applicant's financial and technical capacity to carry out proposed activities; and
- f. A proof of payment of the application fee as prescribed in Schedule 2 of this Regulation.

The simplified license application shall contain the following administrative information:

- a. Applicant's name and a list of applicant's affiliated companies;
- b. Applicant's internal organizational structure;



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- c. Description of the geographic territory planned to host activities for which the applicant requests a simplified license;
  - d. The qualifications of key employees responsible for supervision of the preparation for the project; and
  - e. Any other information deemed necessary by the Authority for decision making at any phase of the proceeding.

### **Article 8: Required technical information to apply for a simplified license**

The following technical information shall be provided where applicable:

- a. A sufficient description adequately specifying the actual or proposed location of each generating plant operated or intended to be operated under the simplified license if granted;
- b. The number of generating plants operated or to be operated;
- c. The date when any proposed generating plants are expected to be commissioned;
- d. The maximum power (kW, kVA, kVAR) expected to be available from each generating plant at any one time;
- e. A sufficient description adequately specifying the actual or proposed locations of the electric supply lines constituting the intended distribution system and the area to which the application relates;
- f. An indication of the extent to which, and the locations in which, those electric supply lines will be placed underground and overhead;
- g. Particulars of the person from whom, and the points at which, the applicant to receive the electricity which he will distribute as well as particulars of the expected connection points and quantities;
- h. Point of interconnections to the transmission or other distribution systems ( if any);
- i. Forecasted annual maximum demands in his distribution system (kW) and energy (kWh) to be distributed; and

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- j. The detailed list of current physical facilities to be covered by the license, with tables of the technical standards schemes and parameters of the facilities.

### **Article 9: Simplified License Application Submission and Review**

- 9.1. Following submission of the simplified license application, the Authority shall process it in accordance with licensing procedures prescribed herein;
- 9.2. Any simplified license application determined by the Authority to be incomplete shall be considered as a defective filing;
- 9.3. Any simplified license application from an applicant who has not made full payment of all regulatory fees due to the Authority under a prior license shall be considered to be a defective filing until full payment of the outstanding balance is made;
- 9.4. The Authority may require the applicant to cure the defective filing before any further Authority proceedings take place;

### **Article 10: Simplified License Application Proceedings**

- 10.1. Upon receipt of a simplified license application, the Director General of the Authority shall cause a docket to be opened to track the application. The docket shall reflect all procedural and substantive decisions on the license application;
- 10.2. The Authority may upon scrutiny of the application notify and require the applicant to furnish such additional information or particulars or documents as considered necessary for the purpose of assessing the application;
- 10.3. If the Authority determines that the simplified license application is complete, it shall put a public notice of the simplified license application in a newspaper of general circulation in the Republic of Rwanda. The notice shall include a brief summary of the proposed license application and inform the public how, when and where to submit comments on the proposed license. Notice shall also be posted on the Authority's website and at its headquarters;
- 10.4. Directly affected parties and local authorities shall be invited to lodge with the Authority objection within a specified time being not less than Fourteen (14) days after the publication;

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- 10.5. The Authority, after receiving an objection from the public, shall notify, within a period not exceeding fifteen (15) days, the applicant and the objector in case the objection is found to be relevant;
  - 10.6. The Hearing shall be conducted under specific procedures issued by the Authority, and the duration of the Hearing shall not be considered as part of the license processing timelines;
  - 10.7. The Authority shall make known its decision regarding any objection within fifteen (15) days after the Hearing.
  - 10.8. Where the objection is accepted, the Authority shall :
    - a. inform the applicant in writing its reasons for the rejection within fifteen (15) days after the Hearing;
    - b. If necessary, the Authority shall request for amendments to the application or provision of additional information within fifteen (15) days to enable it reconsider the application.
  - 10.9. The provisions from Article 10.3 to Article 10.8 are not applicable to application for Small Isolated Grid License.
  - 10.10. The Authority shall strive to complete consideration of a simplified license application within thirty (30) days for Small Isolated Grid and sixty (60) days for Medium Size Isolated Grid or Small Power Distribution from the day of receipt of the application. The thirty (30) and sixty (60) days' period does not include the time for the applicant to respond or the Authority to request for additional information. This time limit is an internal administrative goal and not an enforceable deadline.
  - 10.11. The Regulatory Board may promulgate additional substantive rules on simplified license proceedings.

### **Article 11: Final Decision**

- 11.1. The Regulatory Board shall make a final decision on the simplified license application relying upon applicable rules and regulations;
- 11.2. The Regulatory Board members shall decide to either issue the simplified license, with or without conditions, or to deny the simplified license;

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- 11.3. The Regulatory Board shall issue its decision as promptly as possible, but in no event later than sixty (60) days following receipt of a complete application, except where unusual circumstances require a longer period of review in order to render a fair and reasonable decision;
- 11.4. In the case where the Authority requires additional time for decision in order to obtain information from third parties, to resolve technical or legal issues, or similar reasons, the Authority shall provide a written notice to the applicant, with an explanation of the cause for the delay;

### **Article 12: Criteria for a simplified license issuance**

- 12.1 The Authority shall issue a simplified license to an applicant that demonstrates the following:
- a. The applicant fulfills all technical, operational, safety and other conditions in accordance with applicable laws, regulations, and standards;
  - b. The applicant has demonstrated the technical and financial capacity and readiness to perform all related activities applied for and to provide safe and reliable services in accordance with all applicable laws, regulations and standards;
  - c. The applicant has sufficient employees with appropriate qualifications to perform its activities;
  - d. The applicant has demonstrated the capacity to provide accounting reports and other financial information that might be required by the Authority from time to time;
  - e. The applicant and key members of management have not been found liable for any significant civil or criminal violation of an economic or environmental law or law related to fraud in Rwanda or another country;
  - f. The applicant has not had a license revoked or been found liable for significant license violations in Rwanda or another country within the past ten (10) years;
  - g. The applicant fulfills all established criteria for the protection of the environment;

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- h. The applicant has right, title and interest to conduct the proposed activities on the site selected, or can obtain such right, title and interest through expropriation proceedings;
  - i. The applicant has demonstrated that he/she will comply with all applicable Republic laws and other regulations, including but not limited to, the Authority regulations and decisions;
- 12.2 Any other substantive criteria determined by the Authority to fully protect the public health, safety and welfare;

**Article 13: Reasons for rejection of a Simplified License Application**

Notwithstanding the reasons for refusal to grant a license as determined in Article 14 of the law governing electricity in Rwanda, the Authority shall reject a simplified license application when it finds that:

- a. The application was incomplete and the requested information was not submitted within the deadline set by the Authority;
- b. The applicant failed to demonstrate that it could meet the criteria for the simplified license issuance;
- c. The applicant failed to demonstrate the technical or financial capacity to carry out the licensed activities;
- d. The applicant has a history of significant criminal, civil, or license violations for economic, environmental, or fraudulent acts within Rwanda or other countries;
- e. Members of the applicant's management have a history of significant criminal, civil, or license violations for economic, environmental, or fraudulent acts within Rwanda or other countries;
- f. The applicant does not have sufficient right, title and interest to conduct the license activities;
- g. The applicant failed to comply with the Authority orders, information requests, or other decisions during a prior license term;
- h. The applicant failed to pay an application fee or regulatory fee due the Authority under a prior license;

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- i. The applicant is in, or about to enter, insolvency, bankruptcy or liquidation; and

12.3 Any other substantive criteria determined by the Authority to fully protect the public health, safety and welfare;

### **CHAP III. PROVISIONAL LICENSE**

#### **Article 14: Objective of the provisional license**

14.1. The Authority shall grant a provisional license at its discretion for preparation of activities related to Small Isolated Grid, Medium Size Isolated Grid and Small Power Distribution;

14.2. An applicant may apply for a provisional license for the purposes of carrying out assessments, studies and any other activities necessary to apply for a full simplified license;

14.3. The provisional license does not entitle the licensee to produce, distribute or sell electricity. To undertake these activities, the applicant must apply for a full simplified license under this regulation.

#### **Article 15: Application for a provisional license**

An application for a provisional license shall contain the following information:

- a. Company registration certificate specifying that electricity activities are one of the businesses to carry out;
- b. A statement describing the activities that the applicant requests to undertake under the provisional license, including a timeline for completing environmental impact studies, feasibility studies and negotiating necessary contracts;
- c. A statement explaining the term of the requested provisional license;
- d. Description of the geographic territory for which the applicant requests a provisional license;
- e. A statement describing the progress on the project to date, including a copy of any pre-feasibility analysis conducted;
- f. A description of any interactions with government institutions on the project to date, including a copy of any supporting documents obtained;

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- g. The applicant's name and a list of applicant's affiliated companies; and
  - h. The applicant's internal organizational structure.

#### **Article 16: Duration of the provisional license**

The duration of the provisional license shall not exceed twelve (12) months renewable once.

Notwithstanding the paragraph one (1) of this provision, the provisional license is expired when the full simplified license is granted to an applicant.

### **CHAPTER IV. RIGHTS OF LICENSEES AND RESPONSIBILITIES OF THE AUTHORITY UNDER THIS REGULATION**

#### **Article 17: Rights of Isolated Grids**

- 17.1. The licensee for a Small Isolated Grid or for a Medium Size Isolated Grid shall have the exclusive right to distribute and sell electricity to consumers within the geographical area defined in their simplified license but the exclusivity is subject to the provisions relating to the extension of a Large Distribution Network.
- 17.2. The licensee for a Small Isolated Grid or for a Medium Size Isolated Grid shall have the right to generate electricity to supply the Small Isolated Grid or the Medium size Isolated Grid but this right shall not be exclusive.

#### **Article 18: Rights of Small Power Distribution**

The licensee for Small Power Distribution shall have the exclusive right to distribute and sell electricity to consumers within the geographical area defined in their simplified license.

#### **Article 19: Responsibilities of the Authority with regards to isolated Grids**

- 19.1. The Authority shall issue a single simplified license for each Small Isolated Grid or for a Medium Size Isolated Grid covering the activities of generation, distribution and trade in electricity.
- 19.2. The Authority shall allow other developers to conduct their activities within the same geographical area stated in their simplified license in the following cases:

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- a. If the generation capacity is not sufficient to serve all potential customers in that area;
  - b. If some customers are underserved or unserved due to capacity growing demand;
  - c. If the unserved customers can have access to electricity through alternative energy solutions.
- 19.3. The Authority shall have the responsibility to issue licenses to other persons to generate electricity in the same geographical area covered by the Small Isolated Grid or by the Medium size Isolated Grid for the purpose of producing and selling electricity to the Small Isolated Grid or to the Medium Size Isolated Grid or to other parties.

**Article 20: Responsibilities of the Authority with regards to Small Power Distribution**

- 20.1. The Authority shall issue a single simplified license for each Small Power Distribution network covering the activities of distribution and trade of electrical energy;
- 20.2. The Authority shall issue a separate generation license to Small Power Producers selling electricity to the Small Power Distribution licensees;
- 20.3. The Authority shall allow other licensees to conduct their activities within the same geographical area mentioned in their simplified license in the following cases:
- a. If the capacity of the distribution network is not sufficient to serve all potential customers;
  - b. If some customers are underserved or unserved due to capacity growing demand;
  - c. If the unserved customers can have access to electricity through alternative energy solutions.



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## **CHAPTER V : SIMPLIFIED LICENSE CONDITIONS**

### **Article 21: Simplified License Renewal**

- 21.1. The simplified license holder must file an application for any simplified license renewal at least one hundred and eighty (180) days prior to the expiration of the current simplified license;
- 21.2. The simplified license renewal proceeding shall be subject to the same procedures and approval criteria as an initial simplified license application;
- 21.3. The Authority shall make its decision not later than thirty (30) days prior to the expiration of the current simplified license, and shall issue the license not less than seven (7) days prior to the license expiration, so long as the applicant has filed its renewal application and requested additional information in a timely manner.

### **Article 22: Simplified License Modification**

- 22.1. A simplified license modification proceeding may be initiated by the Authority or by the request of the licensee;
- 22.2. The Authority may modify a simplified license before the expiration of the license term when it determines that an amendment of the simplified license is needed in order to respond to:
  - a. Significant changes in the controlling laws or regulations, or significant Court decisions that directly affect the license provisions;
  - b. The inability of the simplified license holder to comply with controlling license provisions due to events beyond the simplified licensee's control;
  - c. Changes in the ownership or organizational status of the licensee;
  - d. Significant non-compliance by the licensee with current simplified license provisions or other Authority rules, decisions or orders.
- 22.3. The license modification proceeding shall be subject to the procedures prescribed in the Law governing electricity in Rwanda.

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**Article 23: Simplified License Transfer**

- 23.1. A simplified license transfer including the modification, direct or indirect sale, assignment, conveyance, lease or other transfer of assets or activities subject to a simplified license to a different individual or institution shall be subject to a prior written approval of the Authority;
- 23.2. Such approval shall be granted after consideration of the matter and if the proposed transferee meets all the conditions for granting the relevant simplified license;
- 23.3. Failure to comply with such requirements shall amount to simplified license suspension or revocation.

**Article 24: Procedures for simplified license transfer**

- 24.1. A simplified license transfer proceeding is initiated by an application from the licensee. Until the Authority has issued an approval of the transfer, no licensee may attempt to transfer its simplified license to a third party;
- 24.2. A simplified license transfer proceeding shall be conducted in the same manner as review of a simplified license application. The transferee shall be considered as the applicant to assume the simplified operational license. The duration of the simplified license and the license terms and conditions shall remain the same, unless the license transferee requests a license modification as part of the transfer proceedings;
- 24.3. In the unusual circumstances where a licensee's technical or financial status raises questions about security of supply for citizens of the Republic, the Authority may, on its own initiative, commence a license transfer proceeding in order to ensure that a license is transferred to a third person, in order to provide secure supply for customers.

**Article 25: Simplified License Revocation**

- 25.1 A simplified license revocation proceeding may be initiated by the Authority or by a request made by the licensee;
- 25.2. The Authority may revoke a simplified license before the expiration of the license term when it determines that revocation is needed in order to respond to:

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- a. Licensee failure to comply with license terms and conditions;
  - b. Licensee abandonment of license activities;
  - c. Failure of the licensee to provide the Authority with monitoring and reporting data required by the license or failure to cooperate with the Authority inspection and audits;
  - d. Licensee submittal of false or deliberately misleading data or information to the Authority in response to the Authority's request or in response to the Authority's monitoring reporting inspection or audit requirements;
  - e. Licensee failure to provide timely access to the Authority or inspection or audit of licensee's facilities and corporate records;
  - f. Bankruptcy, financial insolvency or liquidation of licensee, or
  - g. Licensee failure to pay regulatory fees to the Authority.

25.3. A simplified license revocation proceeding shall be conducted in the following manner:

- a. The Authority shall commence a license revocation proceeding by sending written notice to the licensee advising the licensee of the commencement of a revocation proceeding, and requiring licensee to file a response;
- b. If the licensee contests the revocation or fails to respond to the Authority's notice, the Authority shall hold a hearing on the license revocation;
- c. If during the course of the revocation proceedings, the licensee cures the violation that gave rise to the revocation proceeding, the Authority may, but shall not be required to, terminate the license revocation proceeding.

25.4. The Authority may convert a proceeding, in its sole discretion, to license enforcement, modification or transfer proceeding.

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**Article 26: Simplified License Register**

- 26.1. The Authority shall maintain a register of all licenses issued;
- 26.2. The register shall consist of complete copies of the licenses, as well as all documents in the record of the license application proceeding, or any related license modification, revocation or transfer proceeding, including:
- a. application for license;
  - b. documents and enclosures submitted with the application for license;
  - c. public hearing documents;
  - d. All correspondences pertaining to the application for license as well as the Regulatory Board decisions;
  - e. Any documents pertaining to an enforcement action by the Authority related to the license.
- 26.3 The Authority shall maintain a summary register in electronic form, consisting of at least the following data:
- a. License registry number;
  - b. Name and headquarters address of licensee;
  - c. The effective date and term of the license; and
  - d. The date of any ruling on license modification, transfer or revocation.
- 26.4 The Authority shall make all information in the license register available to the public, except those documents that are considered confidential information under the Authority rules.
- 26.5 The Authority shall maintain a docket of all pending license applications or license related proceedings, with information on the date the proceeding was opened and the estimated period needed for decision upon the license.

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**Article 27: Appeal on simplified license matters**

- 27.1. Where the applicant is not satisfied with the decision of the Authority refusing to grant the license and, after failure of an out of Court settlement, he/she may appeal before the competent Court;
- 27.2. The procedure for appeal shall be determined in the Dispute Resolution Regulation;
- 27.3. The Authority's decisions shall remain effective pending a final judicial decision on the appeal.

**Article 28: Term of Licenses**

- 28.1. The license applicant may request a specific period of time for the license term in the application;
- 28.2. The Authority shall issue a License for a defined period of time not less than five (5) years and not more than twenty five (25) years;
- 28.3. The Authority may consider ten (10) years to be the norm for the term for a License for a Small Isolated Grid or a Medium Size Isolated Grid but is not bound by that norm;
- 28.4. The Authority may consider fifteen (15) years to be the norm for the term for a License for Small Power Distribution but is not bound by that norm.

**CHAPTER VI. EXPANSION OF OTHER NETWORKS****Article 29: Licensee's obligations to integrate with an expanded network**

Notwithstanding the exclusivity provided under this regulation, in the event that a Large Distribution Network Licensee wishes to expand its network and connect the network of an Isolated Grid Operator and sell him/her electricity or take over his/her customers, then the Isolated Grid Operator shall be obliged to undertake one of the following:

- a. Apply to the Authority to convert its License to a Small Power Distribution License and a Small Power Producer License. The duration of the converted Small Power Distribution License and Small Power Producer License shall be equal to the remaining duration of the original License at the date the converted Licenses are issued.
- b. Negotiate with the Large Distribution Network for the purchase of the generation and/or distribution rights and assets of the Isolated Grid

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Operator. The Large Distribution Network Licensee shall accordingly apply for a variation to its license.

- c. Relocate some of his assets where possible and get a compensation for the cost of relocation from the Large Distribution Network Licensee.

### **Article 30: Obligations of the Authority**

30.1. The Authority shall not withhold approval for license conversion or variation in Article 29 unless the Authority deems that it is not in the interests of the population of the area covered by the Isolated Grid for the conversion or variation to take place.

30.2. The Authority shall not require any fee for the conversion or variation of licenses resulted from Article 29.

### **Article 31: Assets of Isolated Grids**

31.1 In the event that the Isolated Grid Operator chooses to sell its generation and/or distribution assets to the Large Distribution Network, the latter shall have the option to purchase the generation assets of the Isolated Grid but not the obligation to purchase the distribution assets of the Isolated Grid.

31.2. The Authority shall separately license the generation assets and subject to the rights and obligations of a Small Power Producer Licensee whether the generation assets are retained by the Isolated Grid Licensee or purchased by the Large Distribution Network.

31.3. The Small Power Producer Licensee shall have the right, if eligible, to sell electricity under the Renewable Feed-in-tariff programme in force at the time of conversion.

31.4. If the Small Power Producer is not eligible to sell electricity to the Transmission System Operator under the Renewable Feed-in-tariff programme, the Transmission Network Operator and the Small Power Producer shall negotiate a tariff for the purchase of electricity in good faith based on the principles of cost recovery for the Small Power Producer for the remainder of the term of its new Small Power Producer license.

### **Article 32: Negotiation for the purchase of rights and assets**

The price for the purchase of assets and rights of the Isolated Grid shall comply with Article 29.b of this Regulation and shall be negotiated based on the following:

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- a. The net book value of fixed assets indexed with the consumer price index and based on generally accepted accounting principles, plus
  - b. The value of current assets less current liabilities; plus
  - c. The present value of expected net profits over the remainder of the Isolated Grid License and based on a discount rate provided by the Authority.

### **Article 33: Disputes resolution with regard to the payment price**

33.1. In the event of disagreement between the Isolated Grid Operator and the Small Power Producer in relation to the payment price, the Authority shall resolve the matter by determining the real payment price.

33.2. The decision of the Authority shall be binding on both parties.

### **Article 34: Tariffs to be charged following the expansion by a Large Distribution Network**

34.1. Where an Isolated Grid is converted to a Small Power Distribution, the tariffs to be charged by the Licensee shall be in accordance with Chapter VII of this regulation.

34.2. Where an Isolated Grid is taken over by a Large Distribution Network Licensee pursuant to Article 29, the tariffs to be charged by the Licensee shall be in accordance with the tariffs in force for the Main Grid.

### **Article 35: Merger of two Isolated Grids**

35.1. In the event that Isolated Grid Operator wishes to merge with another Isolated Grid Operator, both parties shall negotiate the merger in good faith.

35.2. In the event that agreement cannot be reached between the two parties and if the Authority considers that a merger will benefit the population covered by the two Operators, the Authority may intervene to require a merger to take place and to determine the terms of that merger based on the principles under Article 32 of this regulation.

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## **CHAPTER VII. REQUIRED REVENUES AND TARIFFS**

### **Article 36: Required revenues for Isolated Grids**

The required revenues to recover through tariffs charged by Licensees to their customers shall be determined as follows:

- a. the reasonable costs of operating the grid, including depreciation charges and fuel costs if any, plus
- b. a reasonable return on the net fixed value of the generation and distribution assets, plus
- c. a reasonable margin to cover the costs of supply activities, less
- d. subsidies or grants received specifically for the purpose of lowering tariff levels.

### **Article 37: Required revenues for Small Power Distribution**

The required revenues to be recovered through tariffs and charged by Small Power Distribution Licensees to their customers shall be determined as follows:

- a. the reasonable costs of electricity purchased from Small Power Producers and the transmission licensee and one or more other distribution licensees, plus
- b. the reasonable costs of operating the distribution network, including depreciation charges, plus
- c. a reasonable return on the net fixed value of the distribution assets, plus
- d. a reasonable margin to cover the costs of supply activities, less
- e. subsidies or grants received specifically for the purpose of lowering tariff levels.

### **Article 38: Additional considerations to determine the required revenues**

- 38.1. The asset base to consider when calculating the required revenues shall not include assets owned by the Licensees that have been paid for by customers
- 38.2. The required revenues calculations shall consider financial data prepared using generally accepted accounting principles



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- 38.3. The licensee shall set the tariff such that, to the extent possible, the forecast revenues collected by the Licensee are equal to or less than the required revenues.
  - 38.4. Where a Licensee over-collects revenues in one financial year, the Licensee shall adjust downwards the required revenues by the amount of the over-collection in the following year.
  - 38.5. Where a Licensee under-collects revenues in one financial year, the Licensee may adjust the required revenues upward in the following year to compensate for the under-collection.
  - 38.6. The calculations of the required revenues shall be properly documented and ready for inspection by the Authority if required.

#### **Article 39: Accounting separation**

Licensees shall maintain separate accounts relating to each of their licensed electricity activities.

#### **Article 40: Regulatory oversight**

- 40.1. The Authority shall have the right to review the tariff calculations undertaken by Isolated Grid and Small Power Distribution Licensees.
- 40.2. Customers shall first address their complaints to the Licensee. In the event that a customer is not satisfied with the Licensee's response to their complaint, the customer may pass their complaint to the Authority. The Authority shall review the complaint in compliance with its normal complaint handling procedures and may, at its discretion, investigate the Licensee further.
- 40.3. The Authority shall not accept comparisons between tariffs charged by the Licensees under this Regulation and tariffs charged by Large Distribution Network Licensees as a valid reason for customer complaints.
- 40.4. Whether or not the Authority has received complaints, the Authority may, at its discretion, periodically inspect the calculations of Licensees and may instruct Licensees to adjust or correct the calculations if it considers that they have not been prepared in accordance with Articles 36, 37 and 38 of this Regulation.
- 40.5. When reviewing a Licensee's required revenue and tariff calculations, the Authority shall not consider the tariffs charged by Large Distribution Network Licensees.

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## **CHAPTER VIII. MONITORING AND ENFORCEMENT**

### **Article 41: Simplified License Monitoring Requirements**

- 41.1. The Authority shall monitor the performance of each license holder for full compliance with all terms and conditions of the license;
- 41.2. The Authority shall include terms and conditions in the license requiring licensees to report on financial, technical, organization and other data needed to allow the Authority to effectively monitor license compliance to ensure progress toward a competitive marketplace and to ensure accurate tariff setting;
- 41.3. The Authority may also perform physical inspections of the license holder's facilities and corporate records on license holder's premises. These inspections may be conducted on an announced and unannounced basis. The inspections and audits shall be conducted during normal business hours, except when the Authority has a reasonable basis to believe that non-compliant activities are occurring outside of normal business hours;
- 41.4. The Authority shall monitor licensee compliance with all decommissioning terms and conditions of the license even after expiration of the license term in order to ensure full compliance with those terms and conditions and to ensure that the land is returned to its original condition.

### **Article 42: License Enforcement Action**

- 42.1. If the Authority determines that the licensee has failed to comply with any term or condition of the license, the Authority shall send a written warning to the licensee including a deadline for correction of the alleged license violation.
- 42.2. If the license holder, after receipt of the warning from the Authority, does not cure the alleged non-compliance, the Authority may open a license enforcement proceeding, which may consist of monetary sanctions, license modification, revocation or transfer.
- 42.3. If the licensee cures the license violation following receipt of the Authority notice, the Authority may still commence a license enforcement proceeding in order to impose monetary sanctions or license modification, revocation or transfer in order to address the historic violation.

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**CHAPTER IX. TRANSITIONAL AND FINAL PROVISIONS****Article 43: Transitional period**

Any existing Small Isolated Grid, Medium Size Isolated Grid or Small Power Producer conducted by any person, must apply for a license within six (6) months of the effective date of this regulation, and shall be conducted in compliance with the provisions of this regulation;

**Article 44: Repealing provision**

All prior provisions contrary to this Regulation are hereby repealed.

**Article 45: Commencement**

This Regulation shall come into force on the date of signature by the Chairperson of the Regulatory Board.

**Kigali, on the 6<sup>th</sup> Of August 2015**

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**Eng. Coletha RUHAMYA**

**CHAIRPERSON OF THE REGULATORY BOARD**

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## **SCHEDULE I: License Application Form**

### **1. GENERAL INFORMATION TO THE APPLICANT**

#### **1.1. PURPOSE**

This form is to be filled by an applicant to the Regulatory Authority for the issuance of a license for isolated grid or Small Power Distribution in accordance with the Regulation N° 01/R/EL-EWS/RURA/2015 on the Simplified Licensing Framework for rural electrification projects in Rwanda.

#### **1.2. IMPORTANT NOTE**

Any applicant must complete this form and submit it with required documents to the Director General of RURA at the above address. RURA will not process the application until it has been found to be complete.

The Regulatory Authority may also request the applicant to provide more clarification on submitted information

The filled **application form** shall be submitted to the Regulatory Authority either by hard copies or electronically. In the latter case, the applicant shall underline a statement to the electronic form confirming that the electronic version is identical to the typewritten form to be submitted later to the Authority.

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## 2. GENERAL PARTICULARS

### 2.1. NAME OF THE APPLICANT

Company Name:.....

### 2.2. ADDRESS AND CONTACT DETAILS ON THE APPLICANT

Province: .....

District: .....

Sector: .....

P.O. Box: .....

Telephone: .....

Fax: .....

Email: .....

### 2.3. LEGAL REPRESENTATIVE OF THE COMPANY

Name: .....

Position: .....

Address: .....

P.O.Box: .....

Telephone: .....

Email: .....

### 2.4. CONTACT PERSON

Name: .....

Position: .....

Address: .....

P.O.Box: .....

Telephone: .....

Email: .....

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**2.5. DETAILS AND PARTICULARS OF MAJOR SHAREHOLDERS**

Names	Address	Telephone	Email

**3. TYPE OF LICENSE APPLIED FOR** (Tick the relevant box)

Small Isolated Grid (50kW-100 kW)

Medium Size Isolated Grid (100 kW-1MW)

Small Power Distribution

**4. CRIMINAL RECORDS**

Is the applicant, its officers or major stakeholders involved in any legal proceedings, civil or criminal, commenced or likely to be commenced in relation to the business activities of the License Applicant?

Yes

No

If Yes, provide details

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**5. ADDITIONAL INFORMATION**

If the License Applicant wishes to provide additional information to support the application, please provide this information below:

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**6. DOCUMENTS TO BE ATTACHED TO THE APPLICATION**

- Application letter addressed to the Director General of RURA
- Original receipt of the application fee payment
- Company domestic registration certificate
- Business plan
- Copy of the Feasibility study of the project
- Environmental Impact Assessment Certificate
- Memorandum of Understanding/Concession agreement between the Republic of Rwanda and the applicant pertaining to the activity to be licensed
- District authorization approving planned activities at the site

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**SCHEDULE 2: APPLICATION AND SIMPLIFIED LICENSE FEES**
**1. APPLICATION FEES**

License application	USD 500
License transfer Application	USD 500

**2. SIMPLIFIED LICENSE FEES**

<b>CATEGORIES/CAPACITY</b>	<b>Fees in USD</b>
Small Isolated Grid (50kW – 100kW)	Exempted
Medium Size Isolated Grid (100kW-1,000kW)	2,000
Small Power Distribution	1,000