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AMENDMENT TO



LICENCE TO SUPPLY ELECTRICITY FOR PUBLIC PURPOSES

GRANTED TO

GUYANA POWER & LIGHT INC.

TO SUPPLY ELECTRICITY FOR PUBLIC PURPOSES

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

ISSUED EFFECTIVE

October 19, 2019

1. Section 15 (a) of the Licence is hereby modified to be substituted by the following:

(a) i) The Licensee is authorized to purchase electricity from the following sources for resale to the public:

- A. Consumers of the Licensee who own, control or operate a renewable energy generation system with installed generation capacity of less than 100 kW;
- B. a) Consumers of the Licensee with installed generation capacity of 100 kW or more; provided that the power supplied to the Licensee does not exceed the maximum demand of the respective consumer;
- b) Private suppliers who generate electricity for their own business purpose and propose to supply not more than 10 MW to the Licensee;
- c) Independent power producers licensed to generate electricity for sale to a public supplier;

provided that the Licensee and such persons agree to a power purchase agreement or other contract for the sale of such power to the Licensee and the terms and conditions of such agreement as they relate to rates and supply standards have been approved by the Commission.

ii) The Licensee's purchase of electricity hereunder shall be subject to the Licensee's parameters and requirements for interconnection to its network system and provided that the said purchase:

- A. allows for the economic, orderly and efficient development of the resources of Guyana;
- B. is compatible with the Guyana's National Energy Policy and Green State Development Strategy; and
- C. will not cause undue hardship on the Licensee's consumers.

iii) The Licensee's purchase of electricity hereunder shall be from renewable energy sources, except in the case of private suppliers and independent power producers where such purchase may be from non-renewable energy sources; provided that in the case of private suppliers such purchase shall be to meet the Licensee's short term (no more than 5 years) or emergency generation requirements.

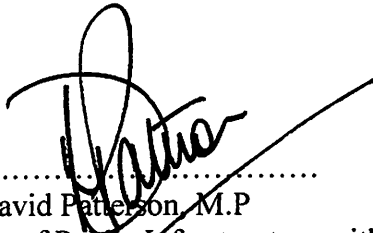
iv) The purchase price for the electricity sold to the Licensee under any power purchase agreement or other contract shall be based on the principle that the price shall not be greater than the Licensee's marginal cost of electrical energy production, including

the Licensee's adjustments to reflect project specific characteristics, including, but not limited to:

- A. the effect on system losses and other capital and operating expenses associated with the inclusion of the proposed electricity supplier in the Licensee's system;
 - B. the term of the agreement; and
 - C. the expected reliability of supply from the proposed electricity supplier's facility.
- iv) The cost of the electricity purchased by the Licensee hereunder shall be allowed for inclusion in the Licensee's operating expenses in accordance with the First Schedule to this Licence.

2. The penultimate sub-paragraph 15(e) is hereby deleted.

Dated and effective as of this 1st day of October, 2019 and executed in the exercise of the power conferred by sections 4 and 42(3)(c) of the Act and all other powers exercisable for such purpose.



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Hon. David Patterson, M.P
Minister of Public Infrastructure with
Responsibility for the Energy Sector

EXPLANATORY MEMORANDUM

Paragraph 15 of the Guyana Power & Light Inc. (GPL) licence provides, inter alia, the sources from which GPL may acquire new or replacement generation capacity. Under the said provision, GPL may purchase and own its generation or acquire same from independent power producers (IPP) that generate electricity from renewable energy sources. An IPP is described in the ESRA as -

*“any person who generates electricity for the purposes of selling it to another public supplier for transmission, distribution or sale to consumers, but shall not include any person from whom the generation of electricity is not its principal business **and** not more than 10 MW of electricity would be supplied by the person to a public supplier for transmission, distribution or sale to consumers”.*

GPL’s Licence does not facilitate distributed generation, i.e., it does not allow the company to purchase excess generation capacity from its customers or from commercial or industrial businesses whose main business is not the generation of electricity, and who propose to supply 10 MW or less to GPL.

The proposed amendments to paragraph 15 create additional opportunities for GPL to enter into agreements with its customers and businesses for the purchase of their excess generation capacity from renewable and non-renewable energy sources within certain parameters established by GPL for interconnection to its grid and subject to certain terms and conditions. Purchases from private suppliers generating from non-renewable energy sources shall be to meet the Licensee’s short term (no more than 5 years) or emergency generation requirements.