

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

Amendment
of Paragraph
16.

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).

- (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 -

Insertion of
Paragraph 25.

"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 -

Amendment
to the First
Schedule.

"(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 or 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

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

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 -

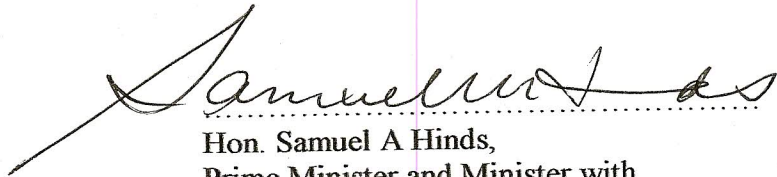
"11.5 Wrongful Disconnections

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.”.

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.



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