

# Guide

## Licensing



### Guide to the Bureau's licensing process for new entrants

Following a revision to the Law No (17) of 2005<sup>1</sup>, private operators are now able to provide wastewater utility services as well as power and water services in the Emirate of Abu Dhabi. They do, however, have to do so under Licence issued by the Regulation & Supervision Bureau ("Bureau") and it is unlawful to engage in Regulated Activities unless in possession of such a Licence.

Regulated activity means one of the following activities:

- desalination of water;
- generation of electricity;
- combined generation and desalination;
- performance of the duties of ADWEC;
- transmission of water by mains pipeline;
- distribution of water by mains pipeline;
- supply of water to premises;
- bulk supply of water to the transmission operator;
- bulk supply of electricity to the transmission operator;
- transmission of electricity;
- distribution of electricity;
- supply of electricity to premises;
- collection of sewage from premises;
- treatment and processing of sewage;
- disposal of wastewater.

The Licence is required from the date at which the regulated activity commences. However, where long term financing is being sort by the new project company the finance parties may require the Licence to be issued prior to the financial close on the project.

### Types of Licence

There are three types of licence:

- **Permanent Licence** – is issued to long-term licensees and fall into two distinct categories, either Major Licences or Small-Scale Licences depending on their generation, desalination or wastewater capacity.
- **Development Licence** – is for developments which seek to undertake regulated activities in order to support the building of their development by for example providing services to labour camps or other temporary facilities. This type of Licence will always be time-limited and most likely Small-Scale (see below). Its structure is similar to other Licences.
- **Self-supply Licence** – is for companies that intend to generate power and/or desalinate water primarily for internal consumption. This Licence may be time-limited or open but is only applicable to the generation of power and the desalination of water. There is no sub-division between Major and Small-Scale.

**Major** Licences cover:

- Generation of over 50 MW of electricity, or where any one generation set is greater than 10 MW.
- Desalination of water where plants produce more than 2.5 million gallons per day (11.35 MI/d) or any one unit has a daily output of more than 500,000 gallons (2.27 MI/day).
- Wastewater treatment activities of more than 10,000 cubic metres per day (m<sup>3</sup>/day).

**Small-Scale** Licences are applicable to operations which fall below those thresholds listed above.

<sup>1</sup> Law No (18) of 2007

## Application Process

Initially, where the private provision of utility services is under consideration, the developer, proposed owner/operator or project manager/consultant is advised to approach the Bureau as early as possible to determine the feasibility or otherwise of providing the services contemplated.

The Bureau's Licence application generally requires information to be provided in four areas:

- **Legal** - to confirm the company's legal capacity to operate in the Emirate of Abu Dhabi.
- **Managerial** - to confirm the company's competency to manage technical projects for the size and nature of the project.
- **Financial** - to confirm the company has an appropriate financial position for the term of the project.
- **Technical** - to confirm the company's technical processes and operational experience within the Emirate or Gulf region for similar types of projects.

The applicant is advised to liaise closely with the Bureau during application drafting so that the applicant's final submission is complete and valid.

The Bureau's licensing process is divided into three stages:

### Submission and validation

New entrants (prospective licensees) are required to submit a licence application along with a Registration fee to the Bureau, who will conduct a high-level assessment of the application to confirm its validity.

A fee of AED 50,000 is a one-off charge to cover the Bureau's in-house licence application assessment and is not refunded if the application is declined.

A fee of AED 10,000 applies to wastewater applications for less than 100 m<sup>3</sup>/ day treatment capacity.

### Evaluation

An Application is assessed based on the criteria of legal, financial, managerial and technical competence. The Bureau will endeavour to perform this assessment in-house; however some applications may involve seeking external consultant's advice. If this is required then these external costs will be charged back to the applicant as an Evaluation fee.

### Grant of Licence

Once fully satisfied that an applicant is competent to hold a licence, and in accordance with its legal obligations, the Bureau must publish a notice of its intention to grant a licence. The notice period is a minimum of 28 days. The Bureau will usually advertise the notices in the Gulf News and Al Ittihad News and the cost of these advertisements will be charged back to the applicant as part of the Evaluation fee.

If no representations or objections are received to the notice, the licence will be issued to the applicant and its activities will be regulated by the Bureau in accordance with the Law and the conditions of the Licence.

### Timescale

Depending on the nature and complexity of an application, the overall assessment and licensing process may take between three to four months, inclusive of the 28-days for the public notice.

### Licence Compliance (regulation)

Once the Licence has been granted the Bureau will work closely with the Licence holder to ensure compliance with Licence conditions. Licence conditions may be viewed on our website.

### Licence Fees (Annual)<sup>2</sup>

If a licence is issued prior to the start of operations then the Bureau will charge an annual Administration fee (AED 50,000) until the Regulated activity commences. This is only applicable to Major licence holders.

At the start of the first full year of operation the Licence holder will be charged an annual Licence Fee, which covers the Bureau's costs of ensuring a licensee's compliance with its licence conditions.

For Small-Scale **Permanent** or **Development** licence holders the Licence Fee is fixed depending on the size/capacity of the utility provision.

Electricity generation	Fixed fee
Up to 10 MW	AED 10,000
From 10 to 25 MW	AED 25,000
From 25 to 50 MW	AED 50,000
More than 50 MW	Market share

<sup>2</sup> Current Scale of Charges and Services 2010

Water desalination	Fixed fee
Up to 1 MGD	AED 10,000
From 1 to 2.5 MGD	AED 20,000
More than 2.5 MGD	Market share

Wastewater treatment	Fixed fee
Up to 100 m <sup>3</sup> /day	AED 5,000
From 100 to 2,500 m <sup>3</sup> /day	AED 25,000
From 2,500 to 5,000 m <sup>3</sup> /day	AED 50,000
From 5,000 to 10,000 m <sup>3</sup> /day	AED 100,000
More than 10,000 m <sup>3</sup> /day	Market share

For **Major** licence holders the Licence Fee depends on the company's market share in its utility sector.

For **Self-supply** licence holders, there is a sliding scale of charges which is dependent on the water generation or production capacity of the licence.

Electricity generation (connection to Transmission system)	Fixed fee
Up to 10 MW	AED 10,000
From 10 to 100 MW	Then at a rate of AED 150 per MW
Over 100 MW	Thereafter at a rate of AED 75 per MW

Electricity generation (connection to Distribution system)	Fixed fee
Up to 10 MW	AED 5,000
From 10 to 100 MW	Then at a rate of AED 150 per MW
Over 100 MW	Thereafter at a rate of AED 75 per MW

Water desalination	Fixed fee
Up to 0.5 MGD	AED 5,000
From 0.5 – 5 MGD	Then at a rate of AED 3,000 per MGD
Over 5 MGD	Thereafter at a rate of AED 1,500 per MGD

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