



مكتب التنظيم و الرقابة  
Regulation & Supervision Bureau

# CURRENT SCALE OF CHARGES AND SERVICES 2010



Issued by the Regulation and  
Supervision Bureau for the  
water; wastewater and  
electricity sector in the  
Emirate of Abu Dhabi

## The recovery of licence fees

The Regulation and Supervision Bureau (the Bureau) is required to meet its obligations under existing Emirate Laws, by ensuring each licence holder complies with the conditions of its licence and any laws in force pertinent to its operations. Licence holders and their actions are primarily responsible for costs incurred by the Bureau in undertaking its duties.

Law No (2) of 1998 requires the Bureau to be funded by fees paid by those entities licensed by the Bureau. All Bureau-issued licences contain conditions covering the payment of these fees.

A licence is issued to an entity to allow it to undertake regulated activities. For further information, please refer to our current published “Guide for Major Developers and New Licensed Entrants”, or our website [www.rsb.gov.ae](http://www.rsb.gov.ae).

## Types of licence

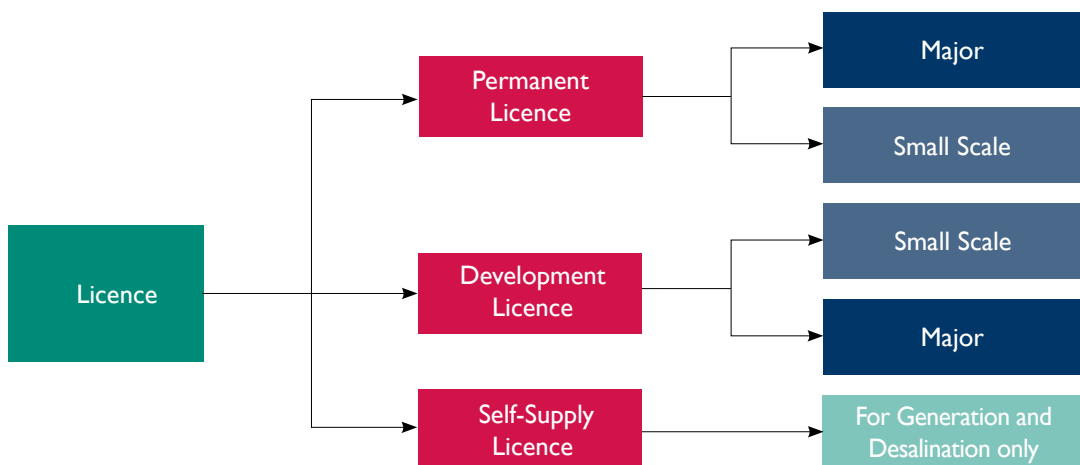
A licence may be for a specific activity or a number of activities. There are three categories: permanent, development or self-supply.

*Permanent licences* are not time-limited. They are either major or small-scale licences. Major licences cover either generation over 50 MW\* or any one generation-set greater than 10 MW. Desalination plants with capacity over 2.5 MGD\* or any one unit with capacity over 500,000 gallons per day require major licences. For wastewater, major licences are required above 10,000 cubic-metres per day.

All other lower-volume regulated activities fall into the small-scale licence category. The difference between major and small-scale helps set licence fees and other charges. The structure of both licence-types is similar.

*Development licences* are used for developments that will generate power, desalinate water or treat wastewater on-site to support the building of their development, for example, services to labour camps. These licences will always be time-limited. Their structure is similar to other licences.

*Self-supply licences* are for companies that intend to generate power and/or desalinate water primarily for internal consumption. These licences may be time-limited or open but are only applicable to the generation of power and the desalination of water. There is no sub-division between Major and Small-Scale.



\* MW = megawatts

\* MGD = million gallons per day



## Bureau costs

Our fees are driven by the costs incurred in the process of carrying out our duties. However, other costs arise from changes to legislation or circumstances beyond the control of any individual or the Abu Dhabi Water and Electricity Sector (the Sector). There is a different mechanism for recovering these costs.

The following definitions are recognised:

*base costs* – necessary for the Bureau to undertake its functions;

*exceptional costs* – incurred by the Bureau through the actions of licence holders or less specific external drivers (change in law or government policy, etc);

*allowable costs* – costs not assigned to a specific licence holder but allowed to pass-through by the Bureau. Such costs generally affect the whole Sector.

While we have a duty of care to protect the interests of customers in the Emirate of Abu Dhabi, we also recognise the importance of minimising the regulatory burden for licence holders, particularly the legislative and economic burden. So we use a multi-tier approach for levying fees.

### *Base costs*

Undertaking our duties requires us to maintain a core group of staff. We also incur other office costs which are central to supporting the regular work of the Bureau. Therefore, it is reasonable that these costs are recovered from sector licence holders.

### *Exceptional costs*

The allocation and recovery of exceptional costs is more complicated than base costs. There is a range of complex drivers, which requires us to undertake work using outside agencies. These costs are recovered from either the licence holder or a group of licence holders, or may be granted allowable status.

### *Project specific costs*

Project specific costs depend on what drives work that uses outside agencies. If a licence holder, through its actions or otherwise, necessitates additional work that requires us to appoint external agencies, then these costs are paid through that licence holder's fees.

### *Allowable costs*

Costs arising from factors outside the control of the Bureau or licence holders are usually allowable and may pass-through to various elements of the Sector. For example, generation/desalination allowable costs are assigned to the bulk supply tariffs, rather than licence holders.

## Allocation of licence fees

### Fees (operational)

Fees are apportioned on a fair and equitable basis and, as much as possible, allocated to the specific activities which they are associated with. These activities include:

- Production
- Transmission
- Distribution
- Supply
- Procurement (electricity and water)
- Collection, treatment and disposal of wastewater

Where it is not possible to assign costs to specific activities, such as back-office or IT costs, these are deemed general overheads and applied, on an equal share basis, to all licence holders paying such fees.

The allocation of costs to a certain activity is based on time records kept by staff and future assignments. For example, someone predominately working on customer service issues would likely allocate their time across customer-facing companies.

In the case of apportionment of fees for wastewater activities, temporary and small-scale operations (below a series of licence capacity thresholds) will be covered by a 'fixed' charge. The allocation is described in more detail in a separate document available to licence holders only.

### Base cost allocation – licence dependent

Major licence holder fees relate to volume so that our costs are allocated according to market share. This approach is used for all activities except ADWEC (the single buyer) and the transmission company. For example, a company with 1,500 MW of power generation will pay larger fees than one with 150 MW. In this case, the smaller company's fees are one-tenth of those for the larger generator.

Small-scale licence holders pay fees according to the size of operation, not market share.

### Fees (specific projects)

When structuring our budget we estimate the project costs for each work stream and determine to whom they apply. These costs will be listed in the charges invoice sent to each licence holder as fees (specific projects).



## Licence fees – under or over recovery

The Regulation and Supervision Bureau is a not-for-profit organisation that applies an equitable allocation of its costs in any one year to [regulated and supervised] licence holders.

In practice, all costs associated with the Bureau's activities in any one year are funded only by holders of licences who have paid licence fees in that year. Future licence holders will not benefit from any refund, or be liable for any recharge, applicable to previous years.

### Operational fees – corrections

Our licence fees reflect the total cost of operation. Budgets are set at least three months in advance of the year when expenditure will take place. This means that an over- or under-recovery of Bureau costs is likely.

Following expenditure audit, we either refund or further recover fees from those who held licences in the year the expenditure arose. The principles of correcting over- or under-recovery are available upon request.

Over -or under- recovery does not apply to fixed operational fees, such as those paid by small-scale licence holders.

### Specific projects fees – corrections

Corrections regarding specific projects' expenditure have a different approach.

In these cases, the cost of each project is estimated by us and included in the fees for the year when the work is planned. Once the work is completed, any under- or over-recovery of project costs follows the procedure used for operational costs.

If the work does not take place, we will rebate the appropriate licence holder in the following year's fees. In addition, interest, at the prevailing bank rates, will be paid on the original sum charged for each project.

## Operational fees – annual fixed charges

### Permanent and Development Licences

Fixed charge fees only apply to small-scale permanent or development licence holders and do not depend on market share.

The following fees are annual and apply to each licence.

#### *Electricity generation (capacity)*

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 50MW	Market share

#### *Water desalination (capacity)*

Up to 1.0 MGD	AED 10,000
From 1.0 to 2.5 MGD	AED 20,000
More than 2.5 MGD	Market share

#### *Wastewater treatment (capacity)*

Up to 100 cubic-metres per day	AED 5,000
From 100 to 2,500 cubic-metres per day	AED 25,000
From 2,500 to 5,000 cubic-metres per day	AED 50,000
From 5,000 to 10,000 cubic-metres per day	AED 100,000
More than 10,000 cubic-metres per day	Market share

Small-scale licence holders not covered by the above will be charged on a cost to serve basis.

### Self-Supply Licences

Fixed charge fees apply to all Self-Supply licence holders and while not based on market share there is a sliding scale of charges which depends on the electricity generation or water production capacity of the licence.

The Bureau has taken the view that self-supply companies will not be delivering all their generation or production output to the network. Indeed we have assumed that only 20% of either commodity would be transferred.

The following fees are annual and apply to each licence.

#### *Electricity generation with connection to the transmission system*

Up to 10 MW	AED 10,000
From 10 to 100 MW	then at a rate of AED 150 per MW
More than 100 MW	thereafter at a rate of AED 75 per MW

#### *Electricity generation with connection to a distribution system*

Up to 10 MW	AED 5,000
From 10 to 50 MW	then at a rate of AED 150 per MW
More than 50 MW	thereafter at a rate of AED 75 per MW

#### *Water desalination*

Up to 0.5 MGD	AED 5,000
From 0.5 to 5 MGD	then at a rate of AED 3,000 per MGD
More than 5 MGD	thereafter at a rate of AED 1,500 per MGD

In cases where a Self-Supply licence holder generates power and produces water, the fixed operational fee will be the sum of electricity generation and water desalination fees.

## Additional services and charges to licence holders

Other than the licence fee, licence holders may incur the following additional charges.

### Change of licence activity

Application for a change of licence to undertake a different activity.

Minimum fee – AED 25,000

### Modification to an existing licence

The additional external costs of modifying a licence will be recovered from the appropriate licence holder. Non-substantive, minor amendments will not attract fees.

Minimum fee – AED 25,000

### Investigations

Fees for unplanned investigations into specific issues that use external agencies will be borne by the affected licence holder. General investigations that affect many licence holders will either be charged as an overhead, or deemed allowable. Investigation costs will either be charged in the next year or be invoiced separately to the concerned licence holder during the same year.

### Administration

Where a major licence is granted for a specific activity but the activity has yet to commence, we will charge an annual administration fee.

Fee – AED 50,000

Once the activity commences we will apportion costs based on licensed capacities in the next financial year. Partial production or partial delivery will be ignored.

Small-scale licence holders will pay the fees shown in the Fixed Charges list. There are no administration fees allocated to such licence holders.

## Application for a licence

Applicants for a new licence need to provide a wide range of information. The application fee takes account of evaluation and press notification costs from processing such an application.

There are two types of applicant:

- Abu Dhabi Water and Electricity Authority (ADWEA) sponsored project companies; and
- private development companies.

### Application forms

Application forms are available, on request, from [bureau@rsb.gov.ae](mailto:bureau@rsb.gov.ae) or:

PO Box 32800  
Abu Dhabi  
UAE

### Authority sponsored

Usually, an applicant will be part of a project that is a joint venture with an ADWEA owned subsidiary. This is the typical arrangement for independent power and water project (IWPP).

The robust selection process and our involvement during the design stages, mean that evaluating such submissions is well understood.

Fee – AED 50,000

### Private development companies

Applications will come from developers, project companies or a new franchise in a new development zone. This includes potential small-scale licence holders.

Evaluation costs will depend on the circumstances surrounding the application and the suitability of the applicant. We may be required to employ external consultants to assist in any necessary evaluation. So, two charges will apply: a registration fee and an evaluation fee.

Registration fee – AED 50,000

To cover any notification and the appointment of external consultants, a separate evaluation fee will also be payable. Special conditions will apply. Usually, the applicant is required to provide a deposit, to cover proposed costs. Before the work starts, we will estimate this cost and discuss it with the applicant.

Evaluation fee – depending on circumstances.

### Private or Authority sponsored - low wastewater treatment capacity

For applications for a licence to treat less than 100 cubic metres per day of wastewater, where the level of risk to the environment and the public is perceived to be low, there will be an appropriate level of assessment for operational and technical matters from the Bureau. This is reflected both in the registration fee and annual operational licence fee.

Registration fee – AED 10,000

## Provision of information

### Public register

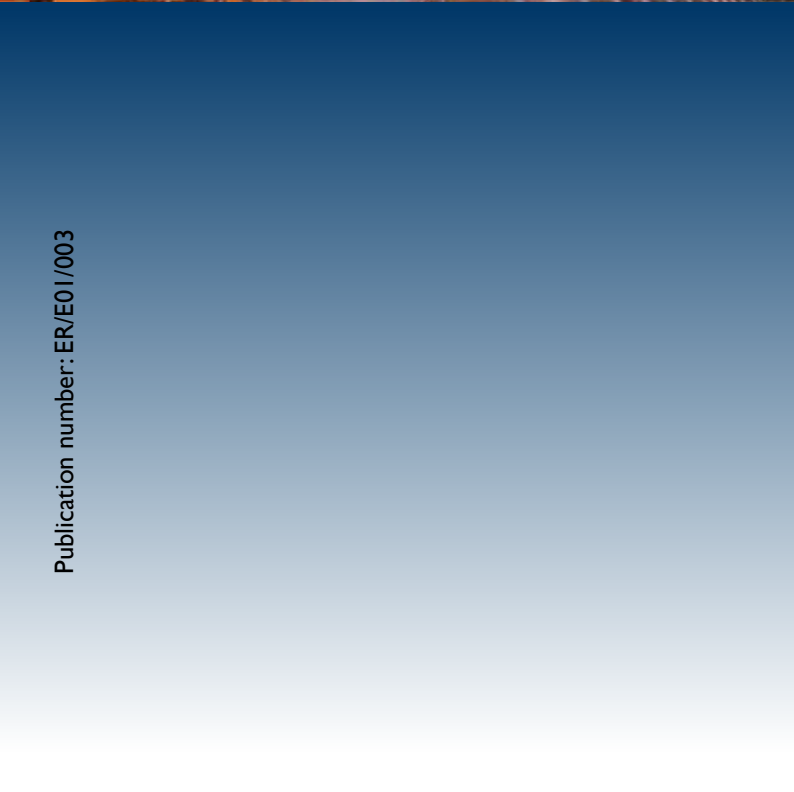
Under Articles 56 and 57 of Law No (2) of 1998 the Regulation Bureau has a duty to maintain a public register. Access to this register is via our website and all documents are available for free download.

### Publications

Our printed publications include regulations, annual reports and detailed practical guides. Most are free to licence holders, for supplies of ten or fewer per year. Bulk orders will be charged at the gross cost of production. Non licence holders will be charged a gross cost per publication.

Guides, on CD-ROM, are AED 60 per disk.

The Regulation and Supervision Bureau reserves the right to review all the above fees from time to time.



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