



ELECTRICITY GENERATION LICENCE

This licence is issued by Botswana Energy Regulatory Authority, hereinafter referred to as "BERA", in terms of the Botswana Energy Regulatory Authority Act, 2016 (Act No. 13 of 2016).

This licence is issued to:

Enrc (Botswana) Proprietary Limited

(company registration number: UIN BW00001713727)

hereinafter referred to as "the Licensee", only for the purposes of generating and exporting/selling electricity generated at the facilities listed in Schedule 1.

Generation and exporting/selling of electricity under this licence is subject to the terms and conditions contained in this licence and/or amendments to these conditions as imposed by BERA.

These licence conditions must be complied with at all times.

ISSUED AT LOBATSE ON THIS 17th DAY OF June, 2020

A handwritten signature in black ink, appearing to be 'C. O.', written over a horizontal line.

CHIEF EXECUTIVE
OFFICER



A handwritten signature in black ink, written over a horizontal line.

CHIEF OPERATIONS
OFFICER

LICENCE NUMBER: 0000008





**BOTSWANA
ENERGY REGULATORY
AUTHORITY**

Regulating Energy with Integrity

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DEFINITION AND INTERPRETATION

In this licence, words and phrases are defined in the Act and shall have the meaning ascribed to them in the Act. Headings are for convenience only and shall not affect the interpretation of the licence.

LICENCE CONDITIONS

1. GEOGRAPHIC AREA OF OPERATIONS

This generation licence is granted by BERA to the Licensee in terms of section 35 of the Act, to allow the Licensee to generate its electricity from a power generation station listed in schedule 1 of this license and to export/sell its electricity to the buyers listed in Schedule 2.

2. TERM OF THE LICENCE

This licence shall commence on the date of issue and shall be valid for a period of 15 (fifteen) years unless cancelled or revoked sooner as per the provisions of the Act or the conditions of this licence. This licence may be renewed upon the expiration of the licensed period, in terms of the Act.

3. LICENCE FEES

The licensee shall pay the licence fees as per the relevant provision of the Act.

4. DUTIES OF THE LICENSEE

4.1 The Licensee shall generate a total of 600 Megawatts by means of:

4.1.1 Coal fired generation

4.1.2 Solar

4.1.3 Hydrogen

4.1.4 Methane Gas

in the Central District of Botswana and export/sell electricity to Eskom (South Africa), ZESA (Zimbabwe), Zimasco (Pvt), ZESA (Zambia) and residual/surplus electricity to Southern African Power Pool and Merchant off-take agreements

- 4.2 The Licensee shall not alter the Technical and Performance Parameters of the Facility, nor extend or upgrade the Facility, or any part thereof, without a written approval of the Authority or amendment of the Licence in accordance with the Act.
- 4.3 The Licensee shall, where applicable, enter into the required Agreements with respective Counter Parties to formalize their financial, commercial and/or technical relationships. These agreements shall include the obligations of each party and the terms to execute the Licenced Activity to meet the Technical and Performance Parameters.
- 4.4 The Licensee shall make available for review to the Authority the Agreements for Regulatory Oversight before signature thereof. The Authority shall be kept informed about the status of the Agreements for Regulatory Oversight. Any subsequent changes to the Agreements for Regulatory Oversight shall be submitted to the Authority first for regulatory oversight before signature thereof.

5. ACCOUNTS OF THE LICENSEE

A Licensee shall:

- a. keep this licence and the licence conditions issued, or copies of these documents on its premises;
- b. furnish the Authority with any information in such a manner and at such times as the Authority may consider necessary for the purpose of performing the functions assigned to it by the Act;
- c. ring fence the operations authorized by this licence within the licensee's undertaking and shall maintain separate accounts for the licensed activities as if it were a separate and distinct undertaking carried on by a company registered in terms of the Companies Act, so that the revenue, costs, assets, liabilities, reserves and provisions reasonably attributable to the licensed activities are separately identified in the Licensee's books;

- d. prepare and submit financial statements, in a consistent uniform manner with the requirements as stipulated in the International Accounting Standards and in accordance with relevant legislation for each financial year;
- e. annually submit audited copies of the financial statements to the Authority within six months of the end of the Licensee's financial year;
- f. allow the Authority or any person authorised by the Authority at any reasonable time to inspect the premises, financial records and equipment of the licensee.

6. HEALTH, SAFETY AND ENVIRONMENT

- 6.1 The Licensee shall comply with all environmental, health and safety restrictions and conditions imposed by a competent authority.
- 6.2 The Licensee shall, as soon as is reasonably possible, notify the Regulator of any accident which has occurred in any part of the Licensee's operations or in connection with its Licensed activity, together with a notice of any loss of life, serious personal injury or damage occasioned by such accident.
- 6.3 The Licensee shall report annually to the Regulator on the establishment of an Environmental Management Program and the implementation and operations thereof.

7. DECOMMISSIONING

- 7.1 The Licensee shall decommission the Facility in accordance with the provisions of the Licensee's Environmental Management Plan as approved by the Department of Environmental Affairs.
- 7.2 The Licensee shall notify and submit the Licensee's decommissioning plans to the Authority for approval at least two (2) years before commencement of decommissioning. These plans shall include the detailed decommissioning activities, cost of decommissioning and evidence that the Licensee has sufficient funds for the execution of the decommissioning activities.
- 7.3 The Authority may, upon perusal of the decommissioning plans, request the Licensee to set aside funds for decommissioning in a decommissioning fund.

8. STANDARD OF PERFORMANCE

The Licensee shall comply with the requirements of laws in force and, in particular, the BERA Act, The Electricity Supply Act, regulations, requirements of the grid code, rules and standards applicable.

9. SETTLEMENT OF DISPUTES

9.1 Any dispute arising between the licensee and a third party shall be dealt with according to the dispute resolution process agreed by the parties however;

- a. the Licensee is obliged to inform Botswana Energy Regulatory Authority on material disputes which could affect the licensed activities when they arise and confirm “a nil return for disputes” as part of the annual submission of accounts;
- b. the Licensee shall inform Botswana Energy Regulatory Authority on the material facts of any proposed dispute settlement following which;
- c. Botswana Energy regulatory Authority has the right to challenge a dispute settlement and if not fully satisfied, Botswana Energy Regulatory Authority may proceed to suspend or revoke a licence;

9.2 Where the licensee and any Party to a dispute has referred the dispute to Botswana Energy Regulatory Authority for arbitration the decision of the Authority shall be binding on the parties to the dispute.

10. AMENDMENT AND RENEWAL OF A LICENCE

The licence may upon the application by the licensee be renewed or amended by the Authority in accordance with the Act. The Licensee shall submit the application for renewal of this licence to the Regulator six (6) months prior to the date of expiry of this licence. The renewal of this licence is subject to compliance by the licensee with the conditions as contained in the licence.

11. REVOCATION, CANCELLATION AND SUSPENSION OF A LICENCE

This licence may be revoked, cancelled or suspended by BERA in accordance with the provisions of the Act.

12. PROHIBITION OF TRANSFER OF LICENCE

This licence or the licensed activity authorized by it may not be transferred or ceded to any other person or otherwise than in accordance with the Act.

13. COMPLIANCE

13.1 The Licensee must at all times comply with the conditions of this licence, the Act and any relevant applicable law and standards. In the event of contravention of this licence by a Licensee, such contraventions shall be dealt with in terms of the Act.

13.2 The Licensee shall provide the Regulator with a comprehensive progress report every twelve (12) months that clearly outlines the progress made in complying with the licence conditions.

14. CHANGES IN THE DETAILS OF THE LICENSEE

14.1 The Licensee must notify BERA of any changes with the details of any changes in the registered name, operation of the generation facility, registered address, contracts and other contact details.

14.2 The notifications contemplated in this section must be provided within 14 days of the event giving rise to them.

15. CORRESPONDENCE WITH BERA

15.1 All official communication with BERA must be in writing, unless directed otherwise by BERA.

The Licensee must, in all correspondence with BERA, quote the licence reference number, as it appears on the licence certificate.

SCHEDULE 1

Generating Station	Location	Type	Installed Capacity (MW)
Enrc (Botswana)(Pty) Ltd	Central District, North of Morupule Colliery	Coal Fired, Solar, Hydrogen and Methane Gas power plants	600 Megawatts

SCHEDULE 2

BUYER/POWER PURCHASER	Contracted generation station	Duration of PPA and/or other Commercial Contracts	Contracted Capacity
Eskom (South Africa), ZESA (Zimbabwe), ZESCO (Zambia), Southern African Power Pool and Private Merchant off-take contracts in conjunction with the specific countries specified regulations.	ENRC (Botswana) (Pty) Ltd	PPA's, take and pay , take or pay and merchant off-take contracts varying from 5 -15 YEARS	600 Megawatts