



مكتب التنظيم والرقابة لقطاع الكهرباء و المياه
RSB FOR ELECTRICITY & WATER

**REGULATORY AND SUPERVISORY BUREAU
FOR ELECTRICITY AND WATER SECTOR**

WATER DESALINATION LICENCE

GRANTED PURSUANT TO LAW NO. (6) OF 2011

TO

HASSYAN WATER COMPANY 1 PSC

LICENCE # WD-01/2021

GRANTED: 12-12-2021

DUBAI, UAE

Version History

Issue no.	Modification	Implemented by	Approved by	Date
0.1	First Draft	J. Grinnell	G. Sims	21-04-2019
0.2	Updated following consultation	J. Grinnell	G. Sims	28-07-2019
1.0	Finalised for issue	J. Grinnell	G. Sims	10-12-2020

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WATER DESALINATION LICENCE

SECTION 1 – DEFINITIONS AND INTERPRETATION

1. Definitions

Capitalised terms not otherwise defined herein shall have the meaning given to them in Law No 6. The following words and expressions used in this Licence shall have the following meanings:

"**Affiliate**", in relation to a person, means any person which Controls (directly or indirectly) that person, any other person which that person Controls (directly or indirectly) and any other person which is under common Control with that person (directly or indirectly), provided that: (i) the ultimate holding company of that person shall be deemed to be an Affiliate, and (ii) DEWA shall not be considered an Affiliate of the Licensee;

"**Availability Notice**" has the meaning given to it in the IWPP Code;

"**Commencement Date**" means the date on which the Licensee begins commercial operation of the Plant in accordance with the WPA;

"**Control**" means, in respect of a person by another, that a person (whether alone or with its affiliates and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise):

- (a) owns or controls (whether directly or otherwise) fifty-one per cent (51%) or more of the equity share capital, voting capital or the like of the controlled person; or
- (b) has the right, through ownership of equity share capital or voting capital, by contract, or otherwise, to control the compositions of, or the appointment of, a majority of the members of the board of directors, board of management, or other equivalent or analogous body of the controlled person;

"**Desalination**" means the production of demineralised and/or potable water by desalination and **Desalinated** shall be construed accordingly;

"**Desalination Unit**" has the meaning given to it in the IWPP Code;

"**Developer Shareholder**" means any person, other than DEWA or its Affiliates, who owns shares in the Licensee;

"**DEWA**" means the Dubai Electricity and Water Authority;

"**HSE Policy**" has the meaning given in paragraph 1 of Condition 7;

"**IWPP Code**" means "Independent Water and Power Producers' Code" established by the RSB in accordance with Law No 6 (including any supplementary standards incorporated by reference therein);

"**Law No 6**" means Law No. (6) of 2011 Regulating the Participation of the Private Sector in Electricity and Water Production in the Emirate of Dubai together with any regulations promulgated in connection with that Law;

"**Licensed Activities**" has the meaning given in Paragraph 1 of Section 2;

"**Licence**" has the meaning given in Law No 6;

"**Licensee**" has the meaning given in Paragraph 1 of Section 2;

"**Licensee's System**" means the pipelines owned or operated by the Licensee for the transport of water from Desalination Units to the Water Delivery Point (as defined in the WPA);

"**Plant**" has the meaning given in Paragraph 1 of Section 2;

"**Related Undertaking**" means any undertaking in respect of which the Licensee, the Developer Shareholder and/or any of their Affiliates (whether alone or together with other Affiliates) has (i) a participating interest, amounting to thirty percent (30%) or more of such undertaking's equity share capital, or (ii) has the right to appoint a majority of the directors to that undertaking;

"**RSB**" means the Regulatory and Supervisory Bureau established by Executive Council Resolution No. (2) of 2010 on the establishment of a Regulatory and Supervisory Office for Electricity and Water Sectors in Dubai;

"**RSB Fees Schedule**" means the schedule of fees for issuance of electricity and water production Licences as defined by Executive Council Resolution No. (43) of 2015 Concerning the Fees to be Charged by the Regulatory and Supervisory Bureau for the Electricity and Water Sector in the Emirate of Dubai;

"**Transmission Operator**" means DEWA in its capacity as operator of the Water Transmission System;

"**Water Transmission System**" has the meaning given to it in the IWPP Code; and

"**WPA**" means the water purchase agreement entered into by the Licensee and DEWA in relation to the sale and purchase of Desalination capacity and/or Desalinated water output from the Plant.

2. **Interpretation**

For the purpose of this Licence:

- (a) any reference to "**Paragraph**", "**Section**" or a "**Schedule**" is a reference to a Paragraph or Section in, or the Schedule to, this Licence;
- (b) any reference to a "**Condition**" is a reference to a Condition in Schedule 1;

- (c) where a Licensee is required to perform an obligation within a specified time period and fails to comply, that obligation shall be considered a continuing obligation even after the time period has expired;
- (d) in construing a Condition or Section, the heading or title of any Condition or Section shall be disregarded;
- (e) the word "**include**" shall be construed without limitation;
- (f) a reference to a law, by-law, IWPP Code or document issued by the RSB shall be construed to refer to such law, by-law, IWPP Code or document issued by the RSB as may have been modified or replaced from time to time; and
- (g) in the event of any inconsistency between any terms of this Licence and laws of Dubai and the United Arab Emirates the law shall prevail to the extent of such inconsistency.

SECTION 2 – LICENCE

1. Grant of Licence

Pursuant to Law No 6, and subject to the terms and conditions set out in this Licence and its conditions in Schedule 1, the RSB grants a Licence to Hassyan Water Company 1 PSC, (the "**Licensee**") to carry out the following Regulated Activities (the "**Licensed Activities**") at its water desalination facility located at Hassyan, Dubai, as more specifically described in Schedule 2 (the "**Plant**"):

- (a) the Desalination of seawater employing the use of a reverse osmosis plant up to a maximum of 120 MIG/d; and
- (b) the delivery thereof into the Water Transmission System on terms and conditions agreed with the Transmission Operator in the WPA.

2. Term of Licence

This Licence shall come into force on **12 December 2021** and, unless revoked in accordance with the provisions of Condition 10, shall continue until terminated by not less than **38** years notice in writing from the RSB to the Licensee.

3. Amendments and revocation

This Licence is subject to (i) amendment in accordance with its terms or with Article 18 of Law No 6, and (ii) revocation in accordance with Condition 10.

4. Subcontracting

The Licensee shall subcontract the operation and maintenance of the Plant to the sub-contractor(s) named in Schedule 2 of this Licence.

5. Miscellaneous

All correspondence, notices (including any notices issued by the RSB pursuant to Article 26 of Law No 6), instructions, consents and other communications between the RSB and the Licensee shall be in English, in writing and shall be sent to the following addresses (or such other address as may be notified by one party to the other from time to time):

The Regulatory and Supervisory Bureau for Electricity and Water Sector Dubai Petroleum Complex Al Safa St. P.O. Box: 121555 Dubai, United Arab Emirates Attention: Executive Director	Hassyan Water Company 1 PSC PO Box 54527. Ras Al Khaimah Attention: Ivan Richard Menezes
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APPROVED BY: GRAEME SIMS, EXECUTIVE DIRECTOR

SCHEDULE 1 - DESALINATION CONDITIONS

CONDITION 1 CONDITIONS AND DEROGATIONS

1. The Conditions in this Schedule shall apply to the Licensed Activities forming the authorised business of the Licensee or any Affiliate or Related Undertaking in the Desalination of water.
2. The Licensee may be relieved of its obligation under any Condition to such extent, and subject to such terms and conditions, as may be specified in directions issued by the RSB (following consultation with DEWA, other Licensed entities and other persons likely to be materially affected thereby).

CONDITION 2 PROHIBITED ACTIVITIES

1. The Licensee shall not, and shall procure that no Affiliate or Related Undertaking (unless such Affiliate or Related Undertaking is specifically authorised to do so by the RSB) shall, on its own account (or that of the Licensee or of any Affiliate or Related Undertaking, as the case may be) within the Emirate of Dubai:
 - (a) purchase or otherwise acquire Desalinated water for the purpose of sale or other disposition to third parties;
 - (b) transmit Desalinated water or otherwise convey Desalinated water by any other means, except to the extent necessary to deliver Desalinated water into the Water Transmission System;
 - (c) engage in the distribution or supply of Desalinated water to any premises, except to any plant, building or facility owned by the Licensee, a Developer Shareholder or one of their Affiliates;
 - (d) desalinate water in excess of the amount specified in Paragraph 1 of Section 2; or
 - (e) together with the Developer Shareholder (and the Licensee's and Developer Shareholder's respective Affiliates) and the Related Undertakings, have an aggregate capacity interest which exceeds 25% of the Desalination capacity of facilities which desalinate water in the Emirate of Dubai (where "**capacity interest**" means the percentage shareholding (whether direct or indirect) of the relevant Licensee, Developer Shareholder, Affiliate or Related Undertakings in entities which own Desalination capacity multiplied by the Desalination capacity of such entities).
2. The Licensee shall not without the prior consent of the RSB carry on any activities other than the Licensed Activities.

CONDITION 3 COMPLIANCE

1. The Licensee shall comply, at all times, with Law No 6 when carrying out the Licensed Activities.
2. The Licensee shall comply with the IWPP Code.

3. The Licensee shall comply with the provisions of the WPA.
4. The Licensee shall comply with the standards issued by the RSB from time to time pursuant to Article 20 of Law No 6 and approved by the Supreme Council of Energy established pursuant to Law No. (19) of 2009 Establishing the Supreme Council of Energy.

CONDITION 4 SYSTEM PLANNING

The Licensee shall plan and develop the Licensee's System to a standard no less stringent than that applicable to the Transmission Operator (as approved from time to time by the RSB in respect of the Water Transmission System) or such other standard as may be proposed by the Licensee and approved by the RSB.

CONDITION 5 SCHEDULING, DISPATCH AND METERING

1. The Licensee shall, at such times and in such manner as may be provided under the IWPP Code or the WPA, provide the Transmission Operator with all information reasonably required by it to enable it to (i) dispatch the Desalination Units from the Transmission Control Centre, (ii) implement the scheduling procedures specified in the IWPP Code, and (iii) perform such other functions as are required for the efficient operation of the Water Transmission System.

CONDITION 6 PROVISION OF INFORMATION

1. The Licensee shall notify the RSB of the Commencement Date at least 3 months in advance.
2. The Licensee shall provide to the RSB, in such manner and at such times as the RSB may require, such documents, accounting information, estimates, returns or reports (whether or not prepared specifically at the request of the RSB) of any description, as the RSB may consider necessary in the light of the Conditions or as it may require for the purpose of performing the functions assigned or transferred to it by, or under, Law No 6.
3. The Licensee shall prepare audited financial accounts as required by law and such other accounts as the RSB may require from time to time, and provide the RSB with copies thereof within six (6) months of the end of the Licensee's financial year.

CONDITION 7 HEALTH, SAFETY AND ENVIRONMENT

1. The Licensee shall, taking due account of any guidance issued to it by the RSB and any applicable health, safety and environmental standards and laws prevailing in the Emirate of Dubai, establish and review, as and when appropriate, a written policy, and operational objectives and management arrangements to give effect to such policy, designed to protect, from the effects of the Licensed Activities, the environment, the health and safety of the general public, and the health and safety of persons employed by the Licensee (directly or indirectly) or allowed to access or work on the Plant or the Licensee's System (the "**HSE Policy**").

2. At least 3 months prior to the Commencement Date, the Licensee shall send to the RSB a copy of the HSE Policy and any revision thereof (together with a general description of the applicable operational objectives and management arrangements).
3. The Licensee shall perform the Licensed Activities in a manner consistent with the HSE Policy (and the applicable operational objectives) and shall use its reasonable endeavours to give effect to the management arrangements as described to the RSB.

CONDITION 8 FEES

In respect of the year beginning on **12th December 2021** and in each subsequent year, the Licensee shall, within thirty (30) days of the RSB giving notice to the Licensee of its fees, pay to the RSB the applicable fee as determined in accordance with the "*RSB Fees Schedule*" (prepared and issued by the RSB in accordance with Article 33 of Law No 6, identifying the fee structure and charges for all holders of RSB Licences, as from time to time revised and amended).

CONDITION 9 THIRD PARTY LIABILITY INSURANCE

1. The Licensee shall maintain insurance against third party liabilities, in respect of its Licensed Activities, on terms approved by the RSB (including with respect to the type, cover, level and identity of the insurer(s)). The RSB may, at any time, give notice to the Licensee requiring it to modify the terms of such insurance and the Licensee shall, by no later than sixty (60) days (or such longer period as the RSB may approve) from the date of the notice, procure that such modification is made. Notwithstanding the foregoing, the Licensee shall not be required to maintain such insurance to the extent that the Licensee can demonstrate, to the reasonable satisfaction of the RSB, that it has the financial capacity to meet any liability to a third party in respect of which the Licensee does not otherwise have insurance.
2. The Licensee shall, except as the RSB may otherwise consent, procure that every insurance policy maintained pursuant to this Condition 9 shall bear an endorsement to the effect that thirty (30) days' notice shall be given to the RSB by the insurer or insurance broker of any lapse or cancellation of, or material change to, the policy.

CONDITION 10 REVOCATION

1. The RSB may revoke this Licence by not less than thirty (30) days' written notice to the Licensee (unless the relevant breach is cured before the expiry of such thirty (30) day period):
 - (a) if the Licensee agrees in writing that this Licence should be revoked;
 - (b) if the Licensee is in breach of any applicable law of Dubai or the United Arab Emirates, including Law No 6;
 - (c) if any amount payable under Condition 8 is not paid within thirty (30) days after it has become due, and remains unpaid for a period of thirty (30) days after the RSB has given the Licensee notice that the payment is overdue;

- (d) if the Licensee fails to comply with any notice issued by the RSB pursuant to Article 26 of Law No 6 and such failure is not rectified to the satisfaction of the RSB within three (3) months of the date of issuance thereof;
- (e) if the Licensee persistently fails to comply with its obligations under the IWPP Code or the WPA and such failure has a material adverse effect on the efficiency of the Water Transmission System and/or dispatch by the Transmission Control Centre;
- (f) if the WPA is terminated for any reason attributable to the Licensee;
- (g) if the Licensee ceases to carry on the Licensed Activities for a period exceeding ninety (90) days, except where the RSB is satisfied that such cessation was caused by an event or circumstances beyond the reasonable control of the Licensee;
- (h) if:
 - (i) the Licensee suffers a loss of fifty percent (50%) of the share capital and a resolution is passed, by shareholders representing at least twenty-five percent (25%) of the share capital of the Licensee, in relation to the bankruptcy, insolvency, winding-up, liquidation of, or similar proceeding against or relating to the Licensee; and/or
 - (ii) a trustee, liquidator, custodian or similar person is appointed in connection with any matter or proceeding referred to in (i) above, where the appointment is not set aside or stayed within sixty (60) days of such appointment; and/or
 - (iii) a court, which has jurisdiction, makes an order to wind up or otherwise confirm the bankruptcy or insolvency of the Licensee, where the order is not set aside or stayed within sixty (60) days;
- (i) if the Developer Shareholder transfers its shares in the Licensee without the RSB's consent;
- (j) if, without the RSB's consent, there is a direct or indirect change in Control of any Developer Shareholder or any person to whom the Licensee subcontracts all or part of the Licensed Activities in accordance with Paragraph 4 of Section 2 and Condition 12;
- (k) if the Licensee is convicted of having committed an offence under Article 37 of Law No 6 in making its application for this Licence;
- (l) on expiry of the duration of the existence of the Licensee as specified in its memorandum and articles of association; or
- (m) on the dissolution of the Licensee by operation of law on its merger with another entity, unless the RSB consents (pursuant to Condition 11) to the transfer of the Licence to the entity with which the Licensee has merged.

CONDITION 11 TRANSFER OF LICENCE

1. The Licensee shall not (nor shall any person (individual or corporate) acting on behalf of the Licensee pursuant to a power of attorney, security assignment or other security document) transfer the Licence without the written consent of the RSB. Any purported transfer in breach of this Condition shall be null and void.
2. In deciding whether to give its consent under this Condition 11, the RSB shall apply the same criteria as it would apply if it were deciding whether to grant a Licence to the transferee and the RSB may require the transferee to provide the same information as it would require if the transferee were applying for a Licence.
3. The RSB may make any consent given under this Condition 11 subject to compliance with such (i) modifications or other conditions as the RSB considers necessary or expedient for the purpose of protecting the interests of consumers, and (ii) incidental or consequential modifications or conditions as it considers necessary or expedient.

CONDITION 12 SUBCONTRACTING LICENSED ACTIVITIES

To the extent that the Licensee is permitted to subcontract all or part of the Licensed Activities to a third party in accordance with Paragraph 4 of Section 2, the Licensee shall obtain the prior approval of the RSB to any change in the identity, or removal, of such third party and any material change in that subcontractor's scope of work.

SCHEDULE 2 - PLANT DESCRIPTION

Location	Hassayn – see attached plan
Capacity	120MIGD – consisting of: Block A: 60MIGD Block B: 60MIGD
Technology	Sea Water Reverse Osmosis
Sub-contractor	Utico FZC and GU Water Company LLC
Planned Commercial Operation Dates	Early Water Capacity Date: 15 September 2023 Contracted Early Water Capacity: 272,765m ³ /day Contracted Water Capacity Date: 17 March 2024 Contracted Water Capacity: 545,531m ³ /day

Location and Layout



