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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1757/19 - 2012 මැයි 11 වැනි සිකුරාදා - 2012.05.11

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PART I : SECTION (I) — GENERAL

Government Notifications

PUBLIC UTILITIES COMMISSION OF SRI LANKA

EXEMPTION ORDER

Under Section 10 of the Sri Lanka Electricity Act, No. 20 of 2009

1. Grant of the Exemption

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the “Commission”) in exercise of the powers conferred by Section 10(1) of the Sri Lanka Electricity Act No. 20 of 2009 (hereinafter referred to as the “Act”) hereby grants to JayKay Marketing Services (Private) Limited, No. 125, Glennie Street, Colombo - 02 (hereinafter referred to as the “Exempted Person”) an exemption from the requirement to obtain a licence to:

For the limited purpose of distribute and supply or distribute or supply electricity within the premises K-Zone Shopping Mall, 340, Galle Road, Laxapathiya, Moratuwa more fully described in the schedule 1 attached hereto subject to the Conditions contained in this Order.

2. Approvals

The Exempted Persons shall obtain all the approvals required under applicable Laws, Regulations and Rules necessary to carry out the distribution and supply of electricity, including and not limited to the provisions of the Sri Lanka Electricity Act No 20 of 2009.

3. Term of the Exemption

The Exemption hereby granted shall come into force on 26/01/2012 and, unless revoked or withdrawn subject to the provisions of Revocation and Withdrawal of the Exemption in the Exemption Order below, shall continue in full force and effect for a period of [05] years from 26/01/2012.

4. Revocation and Withdrawal of the Exemption

This Exemption may be revoked or withdrawn in accordance with Section 22 of the Act.

DR. JAYATISSA DE COSTA PC,
Chairman,
Public Utilities Commission of Sri Lanka.

CONDITIONS OF THE EXEMPTION

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:

- (a) words and expressions used in the Conditions or the Schedules shall be construed as if they were in an enactment and the Interpretation Acts applied to them and
- (b) references to an enactment shall include primary and subordinate legislation and, in both cases, any modification or re-enactment thereof after the date when this Exemption comes into force.

2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedules.

3. In the Conditions and in the Schedules, unless otherwise specified or the context otherwise requires:

“Affiliate”	in relation to the Exempted Person, means any Holding Company of the Exempted Person or any Subsidiary of the Exempted Person or any Subsidiary of a Holding Company of the Exempted Person, in each case within the meaning of the Companies Act, No. 7 of 2007;
“Approved”	for the purposes of Conditions 4, 9, 13, 16, 19, and 20 means approved by the Commission and “Approval” shall have a corresponding meaning;
“Licensee”	a person holding a valid Licence under the section 13 of the Sri Lanka Electricity Act, No: 20 of 2009.
“Distribution Business”	means the licensed business of the Licensee to transport electrical energy purchased from a Transmission System or Generation Plants or other purchase points, using a system owned and operated by the Licensee consisting mainly of overhead lines, underground cables, service lines, transformers, meters and other ancillary plant and equipment having a designed voltage of 33 kV (between phase conductors) or lower, to the point of delivery of end user or authorized operators who are desirous of obtaining an electricity supply at a voltage of 33 kV or lower;
“Exempted Person”	means a person exempted from obtaining licence to distribute and supply, or distribute or supply, electricity under Section 10 of the Act;
“Electricity Undertaking”	means any person engaged in the distribution or supply of electricity;
“Holding Company”	means a holding company within the meaning of the Companies Act, No 7 of 2007;
“Exempted Person’s Distribution System”	means all electricity power lines of the Exempted Person within the premises specified in schedule 01, hereto except lines forming part of the Transmission System and any other electricity power

	lines which the Exempted Person may, with the approval of the Commission, specify as being part of the Exempted Person's Distribution System, and includes any electric plant, meters, transformers and switchgear of the Exempted Person and which is used for conveying electricity to premises;
"Modification"	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
"PUCSL Act"	means the Public Utilities Commission of Sri Lanka Act, No.35 of 2002;
"Related Undertaking"	means any related undertaking within the meaning of the Companies Act No 7 of 2007;
"Representation"	includes any objection or any other proposal made in writing;
"Subsidiary"	has the meaning given in the Companies Act, No 7 of 2007, and "Subsidiaries" shall be defined accordingly;
"Transmission Licensee"	means the holder of a licence to transmit electricity under section 13(1)(c)(i)(b) of the Act; and
"Transmission System"	means the system which is owned and operated by the Transmission Licensee and which consists (wholly or mainly) of Extra High Voltage electric lines and electric plant and which is used for conveying electricity from a Generation Plant to a substation, from one Generation Plant to another or from one substation to another, including all Extra High Voltage electric lines which are used to convey electricity to the premises of bulk supply consumers (but shall not include any such lines which form part of any distribution system).

4. Unless otherwise specified:

- (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in this Exemption Order;
- (b) any reference to a numbered clause is a reference to the clause bearing that number in the Schedule in which the reference occurs;
- (c) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or clause in which the reference occurs; and

without prejudice to any provision which restricts such variation, supplement or replacement any reference to any agreement, Exemption Order (other than this Exemption Order), code or other instrument shall include a reference to such agreement, Exemption Order, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.

6. Where any obligation of the Exemption Order is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Exempted Person fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Exempted Person by reason of the Exempted Person's failure to perform within the time limit).

7. If there is any inconsistency between this Exemption Order and the Act, the Act shall prevail to the extent of any such inconsistency. Conditions set out in the Act shall form an integral part of the Exemption Order in addition to Conditions set out herein.

Condition 2: Provision of Information to the Commission

1. The Exempted Person shall furnish to the Commission, in such manner and at such times as the Commission may require, such Information and shall procure and furnish to it such reports as the Commission 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 the Act or the PUCSL Act.
2. Without prejudice to the generality of paragraph 1, the Commission may call for the furnishing of accounting Information which is more extensive than, or differs from, that required to be prepared and supplied to the Commission.
3. The power of the Commission to call for Information under paragraph 1 is without prejudice to the power of the Commission to call for Information under or pursuant to any other Condition of this Exemption Order or under or pursuant to the Act, the PUCSL Act or any other enactment.
4. The Exempted Person within one month of obtaining the exemption shall appoint a person in its organisation, who is responsible for its Distribution Business.
5. In this Condition:

“Information” shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

Condition 3: Decisions, Orders, Directions and Determinations of the Commission

1. The Exempted Person shall comply with any decisions, orders, directions and determinations made by the Commission pursuant to the Exemption Order.
2. The costs associated with compliance with such decisions, orders, directions and determinations shall be the responsibility of the Exempted Person.
3. In order to comply with any order or direction made by the Commission the Exempted Person shall allow the Commission, any other authority or person specified in the order of the Commission such access to or control of its property as the Commission requires.

Condition 4: Compliance with technical and operational codes

1. At the request of the Commission the Exempted Person shall, in consultation with any Electricity Undertakings the Commission consider appropriate, develop and implement, such technical and operational codes as the Commission may, direct from time to time.
2. Any technical and operational codes developed pursuant to paragraph 1 shall be submitted to the Commission for Approval before they may be implemented.
3. The Exempted Person may propose modifications to a code that is in force at the relevant time by notifying the Commission of its proposal in accordance with the code modification process set out in the relevant code.
4. The Exempted Person shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Exempted Person pursuant to this Condition to:

- (a) the Commission; and
 - (b) any person requesting the same.
5. The Exempted Person may make a charge for any copy of any code given or sent pursuant to paragraph 4(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Commission. The Exempted Person shall comply with the provisions of any Approved technical and operational codes which are specified therein as applicable to it.
 6. The Commission may, following consultation in relevant circumstances with any Electricity Undertakings the Commission shall consider appropriate, issue directions relieving the Exempted Person of its obligation under paragraph 6 in respect of such part or parts of any Approved technical and operational codes to such extent as may be specified in those directions and subject to such terms and conditions as the Commission may determine.
 7. The Exempted Person shall comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical and operational codes are available.

Condition 5: Other agreements

1. The Exempted Person shall enter into any agreements with other persons it is directed to by the Commission, including tariff and connection agreements with the relevant Licensees.
2. The Exempted Person shall be required to participate in the preparation of any agreement which it has been directed to enter into by the Commission.
3. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement it has been directed to by the Commission, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.

Condition 6: Assignment of the Exemption Order and transfer of the Distribution Business

1. The Exempted Person shall not, without the prior written consent of the Commission, assign this Exemption Order either in whole or in part.
2. The Exempted Person shall not, without the prior written consent of the Commission, transfer to another person (the "Transferee") all or any part of the Distribution Business carried out under this Exemption Order.
3. Any consent of the Commission to any assignment of this Exemption Order or transfer of the Distribution Business shall be subject to the Commission being satisfied that the assignee or Transferee, as the case may be, will have the technical and financial capability to comply with the Conditions of this Exemption Order and, in the case of a transfer only, the Transferee being granted an Exemption Order, and may be subject to compliance by the assignee or Transferee, as the case may be, with any other matters determined by the Commission to be necessary, including the modification of this Exemption Order in accordance with the Act where deemed necessary by the Commission.
4. Nothing in this Condition shall prevent the Exempted Person transferring the Distribution Business to an assignee where the Commission consented to such assignment, provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 7: Revocation or Withdrawal of the Exemption Order

1. The Commission may revoke this Exemption Order in accordance with the Section 22 of the Sri Lanka Electricity Act No. 20 of 2009 in the following circumstances:

- (a) if the Exempted Person agrees in writing with the Commission that this Exemption Order should be revoked;
- (b) if the Exempted Person fails to comply with an order or direction issued by the Commission under Condition 2 of this order or direction within 60 days from the date of its issue or such longer period as the Commission may specify in the order or direction;
- (c) if:
 - (i) there is a Change In Control of the Exempted Person; and
 - (ii) the Commission is satisfied that neither the new shareholder nor the entity appointed by the new shareholder (if any) to operate the Distribution Business has adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Exempted Person, to carry out the Distribution Business; and
 - (iii) the Commission serves notice on the Exempted Person stating that the Commission proposes to revoke this Exemption Order in pursuance of this paragraph unless such further Change In Control of the Exempted Person as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and
- (iv) further change does not take place within that period;
- (d) if the Exempted Person fails to notify the Commission as soon as practicable thereafter that a Change In Control of the Exempted Person shall have occurred;
- (e) if the Exempted Person ceases to carry on the Distribution Business for a continuous period of 3 months except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Exempted Person, in which case the Commission shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;
- (f) if it is found that the issue of this Exempted Person had been based on information provided by the Exempted Person which is materially inaccurate or incorrect.
- (g) If the Exempted Person violates and/or breaches any condition of this Exemption Order.

Condition 8 : Environment

1. The Exempted Person shall comply with all applicable Environmental Laws in Sri Lanka, subject to any exemptions or grace periods which may be granted to the Exempted Person under such Environmental Laws for compliance.
2. The Exempted Person shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and, from time to time, modify a written policy setting out the manner in which the Exempted Person proposes to comply with its duties and obligations under all applicable Environmental Laws.
3. The Exempted Person shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Exempted Person, "Environmental Laws" means those laws which are, from time to time, in force whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, but shall not be limited to, the National Environment Act, No. 47 of 1980 and all relevant legislation relating to the assessment of environmental impacts and the protection of air, land and water.

Condition 9: Health and safety

1. The Exempted Person shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Exempted Person when carrying out the Distribution Business, including preparing a safety and technical management plan as set out in paragraph 2 below.
2. The Exempted Person shall:
 - (a) not later than such date as the Commission may specify and in consultation with the Commission, prepare a safety and technical management plan and submit the plan to the Commission for approval;
 - (b) annually review, and if necessary update, the plan to ensure its efficient operation, and submit the updated plan to the Commission for approval;
 - (c) comply with the plan (as updated from time to time) as approved by the Commission;
 - (d) not amend the plan without the approval of the Commission; and
 - (e) ensure that an annual audit of its compliance with its obligations under the plan is conducted by an independent expert approved by the Commission and in accordance with the plan;
 - (f) compile health and safety statistics and indices specified by the Commission; and
 - (g) promptly report the results of those audits, statistics and indices to the Commission.

Condition 10: Insurance

1. The Exempted Person shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Distribution Business.

Condition 11: Confidential information

1. The Exempted Person shall take reasonable measures to ensure that all information received by it relating to the Distribution Business:
 - (a) is kept confidential by the Exempted Person except as otherwise permitted by the Commission, this Exemption Order or any code of practice, and that access to such confidential information is provided only, and as is necessary for the due performance of their lawful functions, to directors, officers and employees of the Exempted Person, or to an agent of the Exempted Person that has agreed in writing to observe this requirement of confidentiality;
 - (b) is not used by the Exempted Person for any purpose other than that for which it was provided or for a purpose permitted by this Exemption Order or a code of practice; and
 - (c) is not used by the Exempted Person for any commercial advantage in the provision of any service other than a service comprised in the Distribution Business.

Condition 12: Dispute resolution

1. The Exempted Person may :
 - (a) in respect of a dispute between itself and a tariff customer which it is unable to resolve - refer the dispute to the Commission for mediation and resolution in accordance with the rules made by the Commission under the PUCSL Act;

- (b) in respect of a dispute (other than a dispute referred to in paragraph 1(a) in accordance with the rules made by the Commission under the PUCSL Act refer the dispute to the Commission for resolution in accordance with such rules or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995.

PART III SPECIFIC CONDITIONS FOR DISTRIBUTION

Condition 13: Connection to the Exempted Person's Distribution System - requirement to offer terms

1. The Exempted Person shall, subject to paragraphs 3, 4 and 5,
 - (a) offer to enter into an agreement to provide a connection to the Exempted Person's Distribution System with any owner or occupier of premises within a specified location in the Exemption Order, who has made an application for connection to the Exempted Person's Distribution System; and
 - (b) offer to enter into an agreement for the modification of a connection from the Exempted Person's Distribution System with any person who has made an application for modification of a connection to the Exempted Person's Distribution System.
2. The Exempted Person, subject to paragraphs 3, 4 and 5, offer terms for an agreement in accordance with paragraph 1 as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purposes of formulating the terms of its offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any owner or occupier of premises within specified location a by reason of the capacity of the Exempted person's Distribution System and the use made or reasonably expected to be made of it, the Exempted Person would be required to expand or reinforce the capacity of the Exempted person's Distribution System and where it would not, having regard to all the circumstances, be in the public interest for the Exempted Person to undertake such expansion or reinforcement.
4. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any person where the connection of the person represents a risk to the security and stability of the Exempted Person's Distribution System
5. The Exempted Person shall not enter into any agreement with any person if to do so would be likely to involve the Exempted Person:
 - (a) in breach of any technical or operational codes Approved by the Commission or
 - (b) in breach of the Act or any regulations made under the Act; or
 - (c) in breach of any enactment relating to safety or standards applicable to the Exempted Person's Distribution System; or
 - (d) in breach of any other conditions imposed by the Commission.
6. Where the Exempted Person refuses to enter into an agreement with any person in accordance with paragraphs 3, 4 and 5, the Exempted Person shall as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application from that person, notify that person of the refusal, specifying the reasons for refusal.

Condition 14: Connection to the Exempted Person's Distribution, System Functions of the Commission

1. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 13, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.
2. If the person wishes to proceed on the basis of the agreement as settled by the Commission, the Exempted Person shall forthwith enter into and implement such agreement in accordance with its terms.
3. If either party to an agreement for connection to, or modification of a connection to, the Exempted Person's Distribution System entered into pursuant to Condition 13 or this Condition proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Commission shall, at the request of the Exempted Person or the other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

Condition 15: Non-discrimination in the provision of connection to the Exempted Person's Distribution System

1. In the carrying out of works for the purpose of connection to the Exempted Person's Distribution System or in providing for the retention of a connection to the Exempted Person's Distribution System, the Exempted Person shall not unduly discriminate:
 - (a) between any persons or class or classes of persons;
 - (b) between the Exempted Person or any Affiliate or Related Undertaking of the Exempted Person and any person or class or classes of persons.

Condition 16: Basis of charges for connection to the Exempted Person's Distribution System

1. The Exempted Person shall, as soon as practicable and, in any event, within 28 days after this Exemption Order has come into force, prepare and submit to the Commission, for the Commission's approval, a statement setting out the basis upon which charges for connection to the Exempted Person's Distribution System, and requests for security deposits in respect of that connection, will be made.
2. The Exempted Person may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once in every year this Exemption Order is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
3. Where any electricity supply provided by the Exempted Person to a person requiring a supply of electricity within the premises described in the schedule 1 the Exempted Person may require any expenses reasonably incurred in providing the electricity supply to be defrayed by that person, to such extent as it is reasonably incurred in providing electricity supply.
4. An Exempted Person may require by notice in writing any person who requires electricity supply, to provide reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply.

Where any person has not provided such security as is required under this condition or the security provided by such person has become insufficient—

- (a) the Exempted Person may by notice require the person to provide within seven days after the service of the notice, reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply; and
 - (b) if that person fails to provide such security, the Exempted Person may refuse to make the connection or discontinue the supply, as the case may be, for so long as the failure continues.
 - (c) Where any sum of money is provided to a Exempted Person by way of security in pursuance of this Condition, the Exempted Person shall pay interest on such sum of money at such rate as may from time to time be fixed by the Exempted Person with the approval of the Commission, for the period in which it remains in the hands of the Exempted Person.
5. The Exempted Person shall send a copy of the statement prepared in accordance with paragraph 1 and of each revision of such statement in accordance with paragraph 2 to the Commission. Each such revision shall require the approval of the Commission and shall not become effective until approved by the Commission.
 6. The Exempted Person shall give or send a copy of the statement prepared in accordance with paragraph 1 or (as the case may be) of the latest revision of such statement in accordance with paragraph 2 approved by the Commission pursuant to such paragraph to any person who requests a copy of such statement.
 7. The Exempted Person may make a charge for any statement given or sent pursuant to paragraph 4 of an amount reflecting the Exempted Person's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Commission from time to time for the purposes of this Condition.

Condition 17: Provision of information to the Transmission Licensee and to other Distribution Licensees

1. The Exempted Person shall maintain sufficient records to predict its future requirement for energy from the Transmission Licensee and the demand profile of such requirement, including details regarding:
 - (a) the technical non-technical losses inherent in the Exempted Person's Distribution System;
 - (b) energy provided by generators(if any) that are connected to the Exempted Person's Distribution System;
 - (c) the impact of new connections; and
 - (d) the impact of demand management.
 - (e) load characteristics of different consumer categories
2. The Exempted Person shall furnish to the Transmission Licensee and to other Distribution Licensees, in such manner and at such times as may be reasonably required, such information or forecasts as may be reasonably required by the Transmission Licensee and the other Distribution Licensees in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the Total System.
3. In this Condition:

“Total System” means the Transmission System, the Licensee's Distribution System and the Distribution Systems of all other Distribution Licensees, taken together.

PART IV SPECIFIC CONDITIONS FOR SUPPLY

Condition 18: Prohibition of discrimination in supply

1. The Exempted Person shall not, in supplying or offering Terms for the supply of electricity to consumers:
 - (a) show undue preference to any person or class of persons;
 - (b) exercise undue discrimination between any persons or classes of persons; or
 - (c) set terms which are unduly onerous.
2. For the purposes of this Condition, Terms are unduly onerous if the revenue from the supply of electricity to consumers on those Terms significantly exceeds the costs of that supply.
3. For the purposes of this Condition, the Commission shall determine any question as to whether any Terms are unduly onerous, having due regard to whether such Terms incorporate charges which do not reasonably cover the costs incurred in consequence of supplying the consumers in question.
4. In this Condition:

“Terms” means all the terms on which a supply of electricity is offered or provided, including terms as to price, which significantly affect the evaluation of that supply.

Condition 19: Supply tariff schedule

1. The Exempted Person shall, as soon as practicable after this Exemption Order shall have come into force and, in any event, not later than such date as the Commission shall specify in directions issued to the Exempted Person for the purposes of this clause, and from time to time thereafter prepare a tariff schedule for sales of electricity to consumers.
2. The tariff schedule shall:
 - (a) be in a form which shall be Approved by the Commission;
 - (b) contain such detail as shall be necessary to enable any consumer to make a reasonable estimate of the charges to which it would become liable for purchases of electricity;
 - (c) be set in accordance with a methodology Approved by the Commission so as to reflect the costs of the Exempted Person in providing electricity at specified times of the year, days of the week and times of the day and night and permit the Exempted Person to recover all reasonable costs incurred in carrying out the activities authorised by this Exemption Order on an efficient basis; and
 - (d) Separately identify:
 - (i) Electricity purchase cost of the Exempted Person
 - (ii) Standby or emergency generator Operation and Maintenance cost
 - (iii) Distribution system Operation and Management Maintenance Cost

3. Where the Commission considers that, by reason of the complexity of any such tariffs fixed by the Exempted Person, simplified explanatory statements are required or expedient for the understanding of consumers, the Commission may direct the Exempted Person to draw up such explanatory statements and thereafter to publish them with the tariff schedule.
4. Exempted Person shall obtain Approval for the supply tariff schedule from the Commission.
5. The Exempted Person shall give or send a copy of the tariff schedule (as from time to time revised) to the Commission not later than 14 days before it is to be made available to any other person.
6. The Exempted Person shall publish the tariff schedule as directed by the Commission.
7. The Exempted Person shall (subject to paragraph 8) give or send a copy of the tariff schedule and any explanatory statement (as from time to time revised) to any person requesting the same.
8. The Exempted Person may make a charge for any copy of the tariff schedule and any explanatory statement (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this clause in directions issued from time to time by the Commission.
9. The Commission may give to the Exempted Person directions requiring the Exempted Person to alter the form of the tariff schedule in such manner as shall be specified in the directions, or so as to attain such objectives as may be specified in the directions and the Exempted Person shall forthwith comply with any such directions.
10. The Commission may prescribe a procedure for review of the tariff schedule.

Condition 20: Distribution & supply tariff agreement

1. The Exempted Person shall (subject to paragraph 3 below and Condition 14) offer to enter into an agreement with any consumer of electricity or person seeking to become a consumer of electricity, such offer to make provision for the charges to be made in respect of such sales of electricity and such charges to be presented in such a way as to be referable to the tariff schedule determined in Condition 19 above.
2. The Exempted Person shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Commission consents to a longer period) in any event not more than 02 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purpose of formulating the terms of the offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement if to do so would involve the Exempted Person:
 - (a) in breach of its duties under the Act;
 - (b) in breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Distribution Business;
 - (c) in breach of this Exemption Order; or
 - (d) in breach of any Approved technical and operational codes.

4. The Exempted Person's obligation to enter into an agreement pursuant to this Condition may be satisfied by the insertion of appropriate clauses into a connection agreement entered into pursuant to Condition 25

Condition 21 – Enter into premises

1. The Exempted Person and or person authorized by the Exempted Person should give notices to enter upon any premises under this Exemption Order shall not demand to do so as of right unless-
 - I. three days notice of the intended entry has been given by the Authorized Officer of the Exempted Person or Exempted Person stating as fully and accurately as possible the nature and extent of the acts intended to be done;
 - II. if required to do so, he or she has produced evidence of his or her authority;
 - III. reasonable compensation is paid to the owner of the land or premises for any disturbance, disability or damage that may be caused pursuant to the entry.
2. The Exempted Person or person authorized by the Exempted Person in writing in that behalf shall be entitled to enter the land, for the purpose of giving a notice referred to in subparagraph 1(a).
3. Where any person exercises any powers conferred by this item, the Exempted Person by whom he or she was authorized in writing shall make good any damage done to the premises as a result of such entry.
4. Where in the exercise of any power conferred by or under this Exemption Order any damage is caused to premises or to any moveable property, any person interested in the premises or moveable property may recover compensation in respect of that damage from the Exempted Person on whose behalf the power is exercised; and where in consequence of the exercise of such a power a person is disturbed in his or her enjoyment of any premises or moveable property he or she may recover from that Exempted Person reasonable compensation in respect of that disturbance as determined by the Commission.

Schedule 1

As per the Block of an allotment of land “Radatotanella”, Diaparagahadeniya, “Kahatagahawatta” and “Kahatagahaowita” marked Block MJF -1 with the buildings and plantations standing thereon being a portion of land from and out of Lot X in Survey Plan No.121 of 30th April 2008 made by A.M.N.K.Ekanayake Licensed Surveyor bearing Assessment Nos. 340, 342 & 342/1 (Part) Galle Road, situated at Laxapathiya within the Municipal Council Limits of Moratuwa, bounded as follows,

North	: Balance area Lot X in Plan No.121 (MJF Foundation Investments (Pvt) Ltd)
East	: Galle Road
South	: Property of Prime Land Developers
West	: Balance area Lot X in Plan No. 121 (MJF Foundation Investments (Pvt) Ltd)

Containing in extent 2A – 1R -29.69P (0.9857 Hectare) Two Acres One Rood Twenty –nine Decimal Six Nine Perches.

PUBLIC UTILITIES COMMISSION OF SRI LANKA

EXEMPTION ORDER

Under Section 10 of the Sri Lanka Electricity Act, No. 20 of 2009

1. Grant of the Exemption

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the “Commission”) in exercise of the powers conferred by Section 10(1) of the Sri Lanka Electricity Act No. 20 of 2009 (hereinafter referred to as the “Act”) hereby grants to Platinum Realty Investments (Pvt) Ltd, No.1, Bagatelle Road, Colombo - 03 (hereinafter referred to as the “Exempted Person”) an exemption from the requirement to obtain a licence to:

For the limited purpose of distribute and supply or distribute or supply electricity within the premises bearing the address No.1, Bagatelle Road, Colombo – 02 more fully described in the schedule 1 attached hereto subject to the Conditions contained in this Order.

2. Approvals

The Exempted Person shall obtain all the approvals required under applicable Laws, Regulations and Rules necessary to carry out the distribution and supply of electricity, including and not limited to the provisions of the Sri Lanka Electricity Act No 20 of 2009.

3. Term of the Exemption

The Exemption hereby granted shall come into force on 26/01/2012 and, unless revoked or withdrawn subject to the provisions of Revocation and Withdrawal of the Exemption in the Exemption Order below, shall continue in full force and effect for a period of [05] years from 26/01/2012.

4. Revocation and Withdrawal of the Exemption

This Exemption may be revoked or withdrawn in accordance with Section 22 of the Act.

DR. JAYATISSA DE COSTA PC
Chairman
Public Utilities Commission of Sri Lanka

CONDITIONS OF THE EXEMPTION

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:

- (a) words and expressions used in the Conditions or the Schedules shall be construed as if they were in an enactment and the Interpretation Acts applied to them and
- (b) references to an enactment shall include primary and subordinate legislation and, in both cases, any modification or re-enactment thereof after the date when this Exemption comes into force.

2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedules.

3. In the Conditions and in the Schedules, unless otherwise specified or the context otherwise requires:

“Affiliate”	in relation to the Exempted Person, means any Holding Company of the Exempted Person or any Subsidiary of the Exempted Person or any Subsidiary of a Holding Company of the Exempted Person, in each case within the meaning of the Companies Act, No .7 of 2007;
“Approved”	for the purposes of Conditions 4, 9, 13, 16, 19, and 20 means approved by the Commission and “Approval” shall have a corresponding meaning;
“Licensee”	a person holding a valid Licence under the section 13 of the Sri Lanka Electricity Act, No: 20 of 2009.
“Distribution Business”	means the licensed business of the Licensee to transport electrical energy purchased from a Transmission System or Generation Plants or other purchase points, using a system owned and operated by the Licensee consisting mainly of overhead lines, underground cables, service lines, transformers, meters and other ancillary plant and equipment having a designed voltage of 33 kV (between phase conductors) or lower, to the point of delivery of end user or authorized operators who are desirous of obtaining an electricity supply at a voltage of 33 kV or lower;
“Exempted Person”	means a person exempted from obtaining licence to distribute and supply, or distribute or supply, electricity under Section 10 of the Act;
“Electricity Undertaking”	means any person engaged in the distribution or supply of electricity;
“Holding Company”	means a holding company within the meaning of the Companies Act, No 7 of 2007;
“Exempted Person’s Distribution System”	means all electricity power lines of the Exempted Person within the premises specified in schedule 01, hereto except lines forming part of the Transmission System and any other electricity power lines which the Exempted Person may, with the approval of the Commission, specify as being part of the Exempted Person’s Distribution System, and includes any electric plant, meters, transformers and switchgear of the Exempted Person and which is used for conveying electricity to premises;
“Modification”	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
“PUCSL Act”	means the Public Utilities Commission of Sri Lanka Act, No.35 of 2002;
“Related Undertaking”	means any related undertaking within the meaning of the Companies Act No 7 of 2007;

“Representation”	includes any objection or any other proposal made in writing;
“Subsidiary”	has the meaning given in the Companies Act, No 7 of 2007, and “Subsidiaries” shall be defined accordingly;
“Transmission Licensee”	means the holder of a licence to transmit electricity under section 13(1)(c)(i)(b) of the Act; and
“Transmission System”	means the system which is owned and operated by the Transmission Licensee and which consists (wholly or mainly) of Extra High Voltage electric lines and electric plant and which is used for conveying electricity from a Generation Plant to a substation, from one Generation Plant to another or from one substation to another, including all Extra High Voltage electric lines which are used to convey electricity to the premises of bulk supply consumers (but shall not include any such lines which form part of any distribution system).

4. Unless otherwise specified:

- (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in this Exemption Order;
- (b) any reference to a numbered clause is a reference to the clause bearing that number in the Schedule in which the reference occurs;
- (c) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or clause in which the reference occurs; and

without prejudice to any provision which restricts such variation, supplement or replacement any reference to any agreement, Exemption Order (other than this Exemption Order), code or other instrument shall include a reference to such agreement, Exemption Order, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Exemption Order is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Exempted Person fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Exempted Person by reason of the Exempted Person's failure to perform within the time limit).
7. If there is any inconsistency between this Exemption Order and the Act, the Act shall prevail to the extent of any such inconsistency. Conditions set out in the Act shall form an integral part of the Exemption Order in addition to Conditions set out herein.

Condition 2: Provision of Information to the Commission

1. The Exempted Person shall furnish to the Commission, in such manner and at such times as the Commission may require, such Information and shall procure and furnish to it such reports as the Commission 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 the Act or the PUCSL Act.

2. Without prejudice to the generality of paragraph 1, the Commission may call for the furnishing of accounting Information which is more extensive than, or differs from, that required to be prepared and supplied to the Commission.
3. The power of the Commission to call for Information under paragraph 1 is without prejudice to the power of the Commission to call for Information under or pursuant to any other Condition of this Exemption Order or under or pursuant to the Act, the PUCSL Act or any other enactment.
4. The Exempted Person within one month of obtaining the exemption shall appoint a person in its organisation, who is responsible for its Distribution Business.
5. In this Condition:

“Information” shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

Condition 3: Decisions, Orders, Directions and Determinations of the Commission

1. The Exempted Person shall comply with any decisions, orders, directions and determinations made by the Commission pursuant to the Exemption Order.
2. The costs associated with compliance with such decisions, orders, directions and determinations shall be the responsibility of the Exempted Person.
3. In order to comply with any order or direction made by the Commission the Exempted Person shall allow the Commission, any other authority or person specified in the order of the Commission such access to or control of its property as the Commission requires.

Condition 4: Compliance with technical and operational codes

1. At the request of the Commission the Exempted Person shall, in consultation with any Electricity Undertakings the Commission consider appropriate, develop and implement, such technical and operational codes as the Commission may, direct from time to time.
2. Any technical and operational codes developed pursuant to paragraph 1 shall be submitted to the Commission for Approval before they may be implemented.
3. The Exempted Person may propose modifications to a code that is in force at the relevant time by notifying the Commission of its proposal in accordance with the code modification process set out in the relevant code.
4. The Exempted Person shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Exempted Person pursuant to this Condition to:
 - (a) the Commission ; and
 - (b) any person requesting the same.
5. The Exempted Person may make a charge for any copy of any code given or sent pursuant to paragraph 4(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Commission. The Exempted Person shall comply with the provisions of any Approved technical and operational codes which are specified therein as applicable to it.

6. The Commission may, following consultation in relevant circumstances with any Electricity Undertakings the Commission shall consider appropriate, issue directions relieving the Exempted Person of its obligation under paragraph 6 in respect of such part or parts of any Approved technical and operational codes to such extent as may be specified in those directions and subject to such terms and conditions as the Commission may determine.
7. The Exempted Person shall comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical and operational codes are available.

Condition 5: Other agreements

1. The Exempted Person shall enter into any agreements with other persons it is directed to by the Commission, including tariff and connection agreements with the relevant Licensees.
2. The Exempted Person shall be required to participate in the preparation of any agreement which it has been directed to enter into by the Commission.
3. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement it has been directed to by the Commission, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.

Condition 6: Assignment of the Exemption Order and transfer of the Distribution Business

1. The Exempted Person shall not, without the prior written consent of the Commission, assign this Exemption Order either in whole or in part.
2. The Exempted Person shall not, without the prior written consent of the Commission, transfer to another person (the "Transferee") all or any part of the Distribution Business carried out under this Exemption Order.
3. Any consent of the Commission to any assignment of this Exemption Order or transfer of the Distribution Business shall be subject to the Commission being satisfied that the assignee or Transferee, as the case may be, will have the technical and financial capability to comply with the Conditions of this Exemption Order and, in the case of a transfer only, the Transferee being granted an Exemption Order, and may be subject to compliance by the assignee or Transferee, as the case may be, with any other matters determined by the Commission to be necessary, including the modification of this Exemption Order in accordance with the Act where deemed necessary by the Commission.
4. Nothing in this Condition shall prevent the Exempted Person transferring the Distribution Business to an assignee where the Commission consented to such assignment, provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 7: Revocation or Withdrawal of the Exemption Order

1. The Commission may revoke this Exemption Order in accordance with the Section 22 of the Sri Lanka Electricity Act No. 20 of 2009 in the following circumstances:
 - (a) if the Exempted Person agrees in writing with the Commission that this Exemption Order should be revoked;
 - (b) if the Exempted Person fails to comply with an order or direction issued by the Commission under Condition 2 of this order or direction within 60 days from the date of its issue or such longer period as the Commission may specify in the order or direction ;
 - (c) if:

- (i) there is a Change In Control of the Exempted Person; and
- (ii) the Commission is satisfied that neither the new shareholder nor the entity appointed by the new shareholder (if any) to operate the Distribution Business has adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Exempted Person, to carry out the Distribution Business; and
- (iii) the Commission serves notice on the Exempted Person stating that the Commission proposes to revoke this Exemption Order in pursuance of this paragraph unless such further Change In Control of the Exempted Person as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and
- (iv) further change does not take place within that period;
- (d) if the Exempted Person fails to notify the Commission as soon as practicable thereafter that a Change In Control of the Exempted Person shall have occurred;
- (e) if the Exempted Person ceases to carry on the Distribution Business for a continuous period of 3 months except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Exempted Person, , in which case the Commission shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;
- (f) if it is found that the issue of this Exempted Person had been based on information provided by the Exempted Person which is materially inaccurate or incorrect.
- (g) If the Exempted Person violates and/or breaches any condition of this Exemption Order.

Condition 8: Environment

1. The Exempted Person shall comply with all applicable Environmental Laws in Sri Lanka, subject to any exemptions or grace periods which may be granted to the Exempted Person under such Environmental Laws for compliance.
2. The Exempted Person shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and, from time to time, modify a written policy setting out the manner in which the Exempted Person proposes to comply with its duties and obligations under all applicable Environmental Laws.
3. The Exempted Person shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Exempted Person, “Environmental Laws” means those laws which are, from time to time, in force whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, but shall not be limited to, the National Environment Act, No. 47 of 1980 and all relevant legislation relating to the assessment of environmental impacts and the protection of air, land and water.

Condition 9: Health and safety

1. The Exempted Person shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Exempted Person when carrying out the Distribution Business, including preparing a safety and technical management plan as set out in paragraph 2 below.

2. The Exempted Person shall :

- (a) not later than such date as the Commission may specify and in consultation with the Commission, prepare a safety and technical management plan and submit the plan to the Commission for approval;
- (b) annually review, and if necessary update, the plan to ensure its efficient operation, and submit the updated plan to the Commission for approval;
- (c) comply with the plan (as updated from time to time) as approved by the Commission;
- (d) not amend the plan without the approval of the Commission; and
- (e) ensure that an annual audit of its compliance with its obligations under the plan is conducted by an independent expert approved by the Commission and in accordance with the plan;
- (f) compile health and safety statistics and indices specified by the Commission; and
- (g) promptly report the results of those audits, statistics and indices to the Commission.

Condition 10: Insurance

1. The Exempted Person shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Distribution Business.

Condition 11: Confidential information

1. The Exempted Person shall take reasonable measures to ensure that all information received by it relating to the Distribution Business:
 - (a) is kept confidential by the Exempted Person except as otherwise permitted by the Commission, this Exemption Order or any code of practice, and that access to such confidential information is provided only, and as is necessary for the due performance of their lawful functions, to directors, officers and employees of the Exempted Person, or to an agent of the Exempted Person that has agreed in writing to observe this requirement of confidentiality;
 - (b) is not used by the Exempted Person for any purpose other than that for which it was provided or for a purpose permitted by this Exemption Order or a code of practice; and
 - (c) is not used by the Exempted Person for any commercial advantage in the provision of any service other than a service comprised in the Distribution Business.

Condition 12: Dispute resolution

1. The Exempted Person may :
 - (a) in respect of a dispute between itself and a tariff customer which it is unable to resolve - refer the dispute to the Commission for mediation and resolution in accordance with the rules made by the Commission under the PUCSL Act;
 - (b) in respect of a dispute (other than a dispute referred to in paragraph 1(a) in accordance with the rules made by the Commission under the PUCSL Act refer the dispute to the Commission for resolution in accordance with such rules or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995.

PART III SPECIFIC CONDITIONS FOR DISTRIBUTION

Condition 13: Connection to the Exempted Person's Distribution System - requirement to offer terms

1. The Exempted Person shall, subject to paragraphs 3, 4 and 5,
 - (a) offer to enter into an agreement to provide a connection to the Exempted Person's Distribution System with any owner or occupier of premises within a specified location in the Exemption Order, who has made an application for connection to the Exempted Person's Distribution System; and
 - (b) offer to enter into an agreement for the modification of a connection from the Exempted Person's Distribution System with any person who has made an application for modification of a connection to the Exempted Person's Distribution System.
2. The Exempted Person, subject to paragraphs 3, 4 and 5, offer terms for an agreement in accordance with paragraph 1 as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purposes of formulating the terms of its offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any owner or occupier of premises within specified location a by reason of the capacity of the Exempted person's Distribution System and the use made or reasonably expected to be made of it, the Exempted Person would be required to expand or reinforce the capacity of the Exempted person's Distribution System and where it would not, having regard to all the circumstances, be in the public interest for the Exempted Person to undertake such expansion or reinforcement.
4. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any person where the connection of the person represents a risk to the security and stability of the Exempted Person's Distribution System
5. The Exempted Person shall not enter into any agreement with any person if to do so would be likely to involve the Exempted Person:
 - (a) in breach of any technical or operational codes Approved by the Commission or
 - (b) in breach of the Act or any regulations made under the Act; or
 - (c) in breach of any enactment relating to safety or standards applicable to the Exempted Person's Distribution System; or
 - (d) in breach of any other conditions imposed by the Commission.
6. Where the Exempted Person refuses to enter into an agreement with any person in accordance with paragraphs 3, 4 and 5, the Exempted Person shall as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application from that person, notify that person of the refusal, specifying the reasons for refusal.

Condition 14: Connection to the Exempted Person's Distribution System - functions of the Commission

1. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 13, the Commission shall, on the application of such person or the Exempted Person, settle

any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.

2. If the person wishes to proceed on the basis of the agreement as settled by the Commission, the Exempted Person shall forthwith enter into and implement such agreement in accordance with its terms.
3. If either party to an agreement for connection to, or modification of a connection to, the Exempted Person's Distribution System entered into pursuant to Condition 13 or this Condition proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Commission shall, at the request of the Exempted Person or the other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

Condition 15: Non-discrimination in the provision of connection to the Exempted Person's Distribution System

1. In the carrying out of works for the purpose of connection to the Exempted Person's Distribution System or in providing for the retention of a connection to the Exempted Person's Distribution System, the Exempted Person shall not unduly discriminate:
 - (a) between any persons or class or classes of persons;
 - (b) between the Exempted Person or any Affiliate or Related Undertaking of the Exempted Person and any person or class or classes of persons.

Condition 16: Basis of charges for connection to the Exempted Person's Distribution System

1. The Exempted Person shall, as soon as practicable and, in any event, within 28 days after this Exemption Order has come into force, prepare and submit to the Commission, for the Commission's approval, a statement setting out the basis upon which charges for connection to the Exempted Person's Distribution System, and requests for security deposits in respect of that connection, will be made.
2. The Exempted Person may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once in every year this Exemption Order is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
3. Where any electricity supply provided by the Exempted Person to a person requiring a supply of electricity within the premises described in the schedule 1 the Exempted Person may require any expenses reasonably incurred in providing the electricity supply to be defrayed by that person, to such extent as it is reasonably incurred in providing electricity supply.
4. An Exempted Person may require by notice in writing any person who requires electricity supply, to provide reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply.

Where any person has not provided such security as is required under this condition or the security provided by such person has become insufficient—

- (a) the Exempted Person may by notice require the person to provide within seven days after the service of the notice, reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply; and
- (b) if that person fails to provide such security, the Exempted Person may refuse to make the connection or discontinue the supply, as the case may be, for so long as the failure continues.

- (c) Where any sum of money is provided to a Exempted Person by way of security in pursuance of this Condition, the Exempted Person shall pay interest on such sum of money at such rate as may from time to time be fixed by the Exempted Person with the approval of the Commission, for the period in which it remains in the hands of the Exempted Person.
5. The Exempted Person shall send a copy of the statement prepared in accordance with paragraph 1 and of each revision of such statement in accordance with paragraph 2 to the Commission. Each such revision shall require the approval of the Commission and shall not become effective until approved by the Commission.
6. The Exempted Person shall give or send a copy of the statement prepared in accordance with paragraph 1 or (as the case may be) of the latest revision of such statement in accordance with paragraph 2 approved by the Commission pursuant to such paragraph to any person who requests a copy of such statement.
7. The Exempted Person may make a charge for any statement given or sent pursuant to paragraph 4 of an amount reflecting the Exempted Person's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Commission from time to time for the purposes of this Condition.

Condition 17: Provision of information to the Transmission Licensee and to other Distribution Licensees

1. The Exempted Person shall maintain sufficient records to predict its future requirement for energy from the Transmission Licensee and the demand profile of such requirement, including details regarding:
- (a) the technical non-technical losses inherent in the Exempted Person's Distribution System;
 - (b) energy provided by generators(if any) that are connected to the Exempted Person's Distribution System;
 - (c) the impact of new connections; and
 - (d) the impact of demand management.
 - (e) load characteristics of different consumer categories
2. The Exempted Person shall furnish to the Transmission Licensee and to other Distribution Licensees, in such manner and at such times as may be reasonably required, such information or forecasts as may be reasonably required by the Transmission Licensee and the other Distribution Licensees in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the Total System.
3. In this Condition:

“Total System” means the Transmission System, the Licensee's Distribution System and the Distribution Systems of all other Distribution Licensees, taken together.

PART IV SPECIFIC CONDITIONS FOR SUPPLY

Condition 18: Prohibition of discrimination in supply

1. The Exempted Person shall not, in supplying or offering Terms for the supply of electricity to consumers:
- (a) show undue preference to any person or class of persons;
 - (b) exercise undue discrimination between any persons or classes of persons; or
 - (c) set terms which are unduly onerous.

2. For the purposes of this Condition, Terms are unduly onerous if the revenue from the supply of electricity to consumers on those Terms significantly exceeds the costs of that supply.
3. For the purposes of this Condition, the Commission shall determine any question as to whether any Terms are unduly onerous, having due regard to whether such Terms incorporate charges which do not reasonably cover the costs incurred in consequence of supplying the consumers in question.
4. In this Condition:

“Terms” means all the terms on which a supply of electricity is offered or provided, including terms as to price, which significantly affect the evaluation of that supply.

Condition 19: Supply tariff schedule

1. The Exempted Person shall, as soon as practicable after this Exemption Order shall have come into force and, in any event, not later than such date as the Commission shall specify in directions issued to the Exempted Person for the purposes of this clause, and from time to time thereafter prepare a tariff schedule for sales of electricity to consumers.
2. The tariff schedule shall:
 - (a) be in a form which shall be Approved by the Commission;
 - (b) contain such detail as shall be necessary to enable any consumer to make a reasonable estimate of the charges to which it would become liable for purchases of electricity;
 - (c) be set in accordance with a methodology Approved by the Commission so as to reflect the costs of the Exempted Person in providing electricity at specified times of the year, days of the week and times of the day and night and permit the Exempted Person to recover all reasonable costs incurred in carrying out the activities authorised by this Exemption Order on an efficient basis; and
 - (d) Separately identify:
 - (i) Electricity purchase cost of the Exempted Person
 - (ii) Standby or emergency generator Operation and Maintenance cost
 - (iii) Distribution system Operation and Management Maintenance Cost
3. Where the Commission considers that, by reason of the complexity of any such tariffs fixed by the Exempted Person, simplified explanatory statements are required or expedient for the understanding of consumers, the Commission may direct the Exempted Person to draw up such explanatory statements and thereafter to publish them with the tariff schedule.
4. Exempted Person shall obtain Approval for the supply tariff schedule from the Commission.
5. The Exempted Person shall give or send a copy of the tariff schedule (as from time to time revised) to the Commission not later than 14 days before it is to be made available to any other person.
6. The Exempted Person shall publish the tariff schedule as directed by the Commission.
7. The Exempted Person shall (subject to paragraph 8) give or send a copy of the tariff schedule and any explanatory statement (as from time to time revised) to any person requesting the same.

8. The Exempted Person may make a charge for any copy of the tariff schedule and any explanatory statement (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this clause in directions issued from time to time by the Commission.
9. The Commission may give to the Exempted Person directions requiring the Exempted Person to alter the form of the tariff schedule in such manner as shall be specified in the directions, or so as to attain such objectives as may be specified in the directions and the Exempted Person shall forthwith comply with any such directions.
10. The Commission may prescribe a procedure for review of the tariff schedule.

Condition 20: Distribution & supply tariff agreement

1. The Exempted Person shall (subject to paragraph 3 below and Condition 14) offer to enter into an agreement with any consumer of electricity or person seeking to become a consumer of electricity, such offer to make provision for the charges to be made in respect of such sales of electricity and such charges to be presented in such a way as to be referable to the tariff schedule determined in Condition 19 above.
2. The Exempted Person shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Commission consents to a longer period) in any event not more than 02 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purpose of formulating the terms of the offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement if to do so would involve the Exempted Person:
 - (a) in breach of its duties under the Act;
 - (b) in breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Distribution Business;
 - (c) in breach of this Exemption Order; or
 - (d) in breach of any Approved technical and operational codes.
4. The Exempted Person's obligation to enter into an agreement pursuant to this Condition may be satisfied by the insertion of appropriate clauses into a connection agreement entered into pursuant to Condition 25.

Condition 21 – Enter into premises

1. The Exempted Person and or person authorized by the Exempted Person should give notices to enter upon any premises under this Exemption Order shall not demand to do so as of right unless-
 - I. three days notice of the intended entry has been given by the Authorized Officer of the Exempted Person or Exempted Person stating as fully and accurately as possible the nature and extent of the acts intended to be done;
 - II. if required to do so, he or she has produced evidence of his or her authority;
 - III. reasonable compensation is paid to the owner of the land or premises for any disturbance, disability or damage that may be caused pursuant to the entry.
2. The Exempted Person or person authorized by the Exempted Person in writing in that behalf shall be entitled to enter the land, for the purpose of giving a notice referred to in subparagraph 1(a).

3. Where any person exercises any powers conferred by this item, the Exempted Person by whom he or she was authorized in writing shall make good any damage done to the premises as a result of such entry.
4. Where in the exercise of any power conferred by or under this Exemption Order any damage is caused to premises or to any moveable property, any person interested in the premises or moveable property may recover compensation in respect of that damage from the Exempted Person on whose behalf the power is exercised; and where in consequence of the exercise of such a power a person is disturbed in his or her enjoyment of any premises or moveable property he or she may recover from that Exempted Person reasonable compensation in respect of that disturbance as determined by the Commission.

SCHEDULE 1

As per the approved Building Plan under Reference No. ME//PBP/BA/41/8 of 03.09.2009, situated at the address No.1, Bagatelle Road, Colombo – 02 within Municipality and District of Colombo, Western Province.

05 - 626/2

PUBLIC UTILITIES COMMISSION OF SRI LANKA

EXEMPTION ORDER

Under Section 10 of the Sri Lanka Electricity Act, No. 20 of 2009

1. Grant of the Exemption

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the “Commission”) in exercise of the powers conferred by Section 10(1) of the Sri Lanka Electricity Act No. 20 of 2009 (hereinafter referred to as the “Act”) hereby grants to Union Residencies (Pvt) Ltd, No.200, Union Place, Colombo - 02 (hereinafter referred to as the “Exempted Person”) an exemption from the requirement to obtain a licence to:

For the limited purpose of distribute and supply or distribute or supply electricity within the premises bearing the address No.200, Union Place, Colombo – 02 more fully described in the schedule 1 attached hereto subject to the Conditions contained in this Order.

2. Approvals

The Exempted Person shall obtain all the approvals required under applicable Laws, Regulations and Rules necessary to carry out the distribution and supply of electricity, including and not limited to the provisions of the Sri Lanka Electricity Act No 20 of 2009.

3. Term of the Exemption

The Exemption hereby granted shall come into force on 26/01/2012 and, unless revoked or withdrawn subject to the provisions of Revocation and Withdrawal of the Exemption in the Exemption Order below, shall continue in full force and effect for a period of [05] years from 26/01/2012.

4. Revocation and Withdrawal of the Exemption

This Exemption may be revoked or withdrawn in accordance with Section 22 of the Act.

DR. JAYATISSA DE COSTA PC
Chairman
Public Utilities Commission of Sri Lanka

CONDITIONS OF THE EXEMPTION PART

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions or the Schedules shall be construed as if they were in an enactment and the Interpretation Acts applied to them and
 - (b) references to an enactment shall include primary and subordinate legislation and, in both cases, any modification or re-enactment thereof after the date when this Exemption comes into force.
2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedules.
3. In the Conditions and in the Schedules, unless otherwise specified or the context otherwise requires:

“Affiliate”	in relation to the Exempted Person, means any Holding Company of the Exempted Person or any Subsidiary of the Exempted Person or any Subsidiary of a Holding Company of the Exempted Person, in each case within the meaning of the Companies Act, No. 7 of 2007;
“Approved”	for the purposes of Conditions 4, 9, 13, 16, 19, and 20 means approved by the Commission and “Approval” shall have a corresponding meaning;
“Licensee”	a person holding a valid Licence under the section 13 of the Sri Lanka Electricity Act, No: 20 of 2009.
“Distribution Business”	means the licensed business of the Licensee to transport electrical energy purchased from a Transmission System or Generation Plants or other purchase points, using a system owned and operated by the Licensee consisting mainly of overhead lines, underground cables, service lines, transformers, meters and other ancillary plant and equipment having a designed voltage of 33 kV (between phase conductors) or lower, to the point of delivery of end user or authorized operators who are desirous of obtaining an electricity supply at a voltage of 33 kV or lower;
“Exempted Person”	means a person exempted from obtaining licence to distribute and supply, or distribute or supply, electricity under Section 10 of the Act;
“Electricity Undertaking”	means any person engaged in the distribution or supply of electricity;

“Holding Company”	means a holding company within the meaning of the Companies Act, No 7 of 2007;
“Exempted Person’s Distribution System”	means all electricity power lines of the Exempted Person within the premises specified in schedule 01, hereto except lines forming part of the Transmission System and any other electricity power lines which the Exempted Person may, with the approval of the Commission, specify as being part of the Exempted Person’s Distribution System, and includes any electric plant, meters, transformers and switchgear of the Exempted Person and which is used for conveying electricity to premises;
“Modification”	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
“PUCSL Act”	means the Public Utilities Commission of Sri Lanka Act, No.35 of 2002;
“Related Undertaking”	means any related undertaking within the meaning of the Companies Act No 7 of 2007;
“Representation”	includes any objection or any other proposal made in writing;
“Subsidiary”	has the meaning given in the Companies Act, No 7 of 2007, and “Subsidiaries” shall be defined accordingly;
“Transmission Licensee”	means the holder of a licence to transmit electricity under section 13(1)(c)(i)(b) of the Act; and
“Transmission System”	means the system which is owned and operated by the Transmission Licensee and which consists (wholly or mainly) of Extra High Voltage electric lines and electric plant and which is used for conveying electricity from a Generation Plant to a substation, from one Generation Plant to another or from one substation to another, including all Extra High Voltage electric lines which are used to convey electricity to the premises of bulk supply consumers (but shall not include any such lines which form part of any distribution system).

4. Unless otherwise specified:

- (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in this Exemption Order;
- (b) any reference to a numbered clause is a reference to the clause bearing that number in the Schedule in which the reference occurs;
- (c) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or clause in which the reference occurs; and

without prejudice to any provision which restricts such variation, supplement or replacement any reference to any agreement, Exemption Order (other than this Exemption Order), code or other instrument shall include a reference to such agreement, Exemption Order, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Exemption Order is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Exempted Person fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Exempted Person by reason of the Exempted Person's failure to perform within the time limit).
7. If there is any inconsistency between this Exemption Order and the Act, the Act shall prevail to the extent of any such inconsistency. Conditions set out in the Act shall form an integral part of the Exemption Order in addition to Conditions set out herein.

Condition 2: Provision of Information to the Commission

1. The Exempted Person shall furnish to the Commission, in such manner and at such times as the Commission may require, such Information and shall procure and furnish to it such reports as the Commission 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 the Act or the PUCSL Act.
2. Without prejudice to the generality of paragraph 1, the Commission may call for the furnishing of accounting Information which is more extensive than, or differs from, that required to be prepared and supplied to the Commission.
3. The power of the Commission to call for Information under paragraph 1 is without prejudice to the power of the Commission to call for Information under or pursuant to any other Condition of this Exemption Order or under or pursuant to the Act, the PUCSL Act or any other enactment.
4. The Exempted Person within one month of obtaining the exemption shall appoint a person in its organisation, who is responsible for its Distribution Business.
5. In this Condition:

“Information” shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

Condition 3: Decisions, Orders, Directions and Determinations of the Commission

1. The Exempted Person shall comply with any decisions, orders, directions and determinations made by the Commission pursuant to the Exemption Order.
2. The costs associated with compliance with such decisions, orders, directions and determinations shall be the responsibility of the Exempted Person.
3. In order to comply with any order or direction made by the Commission the Exempted Person shall allow the Commission, any other authority or person specified in the order of the Commission such access to or control of its property as the Commission requires.

Condition 4: Compliance with technical and operational codes

1. At the request of the Commission the Exempted Person shall, in consultation with any Electricity Undertakings the Commission consider appropriate, develop and implement, such technical and operational codes as the Commission may, direct from time to time.

2. Any technical and operational codes developed pursuant to paragraph 1 shall be submitted to the Commission for Approval before they may be implemented.
3. The Exempted Person may propose modifications to a code that is in force at the relevant time by notifying the Commission of its proposal in accordance with the code modification process set out in the relevant code.
4. The Exempted Person shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Exempted Person pursuant to this Condition to:
 - (a) the Commission; and
 - (b) any person requesting the same.
5. The Exempted Person may make a charge for any copy of any code given or sent pursuant to paragraph 4(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Commission. The Exempted Person shall comply with the provisions of any Approved technical and operational codes which are specified therein as applicable to it.
6. The Commission may, following consultation in relevant circumstances with any Electricity Undertakings the Commission shall consider appropriate, issue directions relieving the Exempted Person of its obligation under paragraph 6 in respect of such part or parts of any Approved technical and operational codes to such extent as may be specified in those directions and subject to such terms and conditions as the Commission may determine.
7. The Exempted Person shall comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical and operational codes are available.

Condition 5: Other agreements

1. The Exempted Person shall enter into any agreements with other persons it is directed to by the Commission, including tariff and connection agreements with the relevant Licensees.
2. The Exempted Person shall be required to participate in the preparation of any agreement which it has been directed to enter into by the Commission.
3. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement it has been directed to by the Commission, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.

Condition 6: Assignment of the Exemption Order and transfer of the Distribution Business

1. The Exempted Person shall not, without the prior written consent of the Commission, assign this Exemption Order either in whole or in part.
2. The Exempted Person shall not, without the prior written consent of the Commission, transfer to another person (the "Transferee") all or any part of the Distribution Business carried out under this Exemption Order.
3. Any consent of the Commission to any assignment of this Exemption Order or transfer of the Distribution Business shall be subject to the Commission being satisfied that the assignee or Transferee, as the case may be, will have the technical and financial capability to comply with the Conditions of this Exemption Order and, in the case of a transfer only, the Transferee being granted an Exemption Order, and may be subject to compliance by the assignee or Transferee, as the case may be, with any other matters determined by the Commission to be necessary, including the modification of this Exemption Order in accordance with the Act where deemed necessary by the Commission.

4. Nothing in this Condition shall prevent the Exempted Person transferring the Distribution Business to an assignee where the Commission consented to such assignment, provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 7: Revocation or Withdrawal of the Exemption Order

1. The Commission may revoke this Exemption Order in accordance with the Section 22 of the Sri Lanka Electricity Act No. 20 of 2009 in the following circumstances:
 - (a) if the Exempted Person agrees in writing with the Commission that this Exemption Orders should be revoked;
 - (b) if the Exempted Person fails to comply with an order or direction issued by the Commission under Condition 2 of this order or direction within 60 days from the date of its issue or such longer period as the Commission may specify in the order or direction;
 - (c) if
 - (i) there is a Change In Control of the Exempted Person; and
 - (ii) the Commission is satisfied that neither the new shareholder nor the entity appointed by the new shareholder (if any) to operate the Distribution Business has adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Exempted Person, to carry out the Distribution Business; and
 - (iii) the Commission serves notice on the Exempted Person stating that the Commission proposes to revoke this Exemption Order in pursuance of this paragraph unless such further Change In Control of the Exempted Person as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and
 - (iv) further change does not take place within that period;
 - (d) if the Exempted Person fails to notify the Commission as soon as practicable thereafter that a Change In Control of the Exempted Person shall have occurred;
 - (e) if the Exempted Person ceases to carry on the Distribution Business for a continuous period of 3 months except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Exempted Person, , in which case the Commission shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;
 - (f) if it is found that the issue of this Exempted Person had been based on information provided by the Exempted Person which is materially inaccurate or incorrect.
 - (g) If the Exempted Person violates and/or breaches any condition of this Exemption Order.

Condition 8: Environment

1. The Exempted Person shall comply with all applicable Environmental Laws in Sri Lanka, subject to any exemptions or grace periods which may be granted to the Exempted Person under such Environmental Laws for compliance.
2. The Exempted Person shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and, from time to time, modify a written policy setting out the manner in which the Exempted Person proposes to comply with its duties and obligations under all applicable Environmental Laws.

3. The Exempted Person shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Exempted Person, "Environmental Laws" means those laws which are, from time to time, in force whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, but shall not be limited to, the National Environment Act, No. 47 of 1980 and all relevant legislation relating to the assessment of environmental impacts and the protection of air, land and water.

Condition 9: Health and safety

1. The Exempted Person shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Exempted Person when carrying out the Distribution Business, including preparing a safety and technical management plan as set out in paragraph 2 below.
2. The Exempted Person shall:
 - (a) not later than such date as the Commission may specify and in consultation with the Commission, prepare a safety and technical management plan and submit the plan to the Commission for approval;
 - (b) annually review, and if necessary update, the plan to ensure its efficient operation, and submit the updated plan to the Commission for approval;
 - (c) comply with the plan (as updated from time to time) as approved by the Commission;
 - (d) not amend the plan without the approval of the Commission; and
 - (e) ensure that an annual audit of its compliance with its obligations under the plan is conducted by an independent expert approved by the Commission and in accordance with the plan;
 - (f) compile health and safety statistics and indices specified by the Commission; and
 - (g) promptly report the results of those audits, statistics and indices to the Commission.

Condition 10: Insurance

1. The Exempted Person shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Distribution Business.

Condition 11: Confidential information

1. The Exempted Person shall take reasonable measures to ensure that all information received by it relating to the Distribution Business:
 - (a) is kept confidential by the Exempted Person except as otherwise permitted by the Commission, this Exemption Order or any code of practice, and that access to such confidential information is provided only, and as is necessary for the due performance of their lawful functions, to directors, officers and employees of the Exempted Person, or to an agent of the Exempted Person that has agreed in writing to observe this requirement of confidentiality;
 - (b) is not used by the Exempted Person for any purpose other than that for which it was provided or for a purpose permitted by this Exemption Order or a code of practice; and

- (c) is not used by the Exempted Person for any commercial advantage in the provision of any service other than a service comprised in the Distribution Business.

Condition 12: Dispute resolution

1. The Exempted Person may :

- (a) in respect of a dispute between itself and a tariff customer which it is unable to resolve - refer the dispute to the Commission for mediation and resolution in accordance with the rules made by the Commission under the PUCSL Act;
- (b) in respect of a dispute (other than a dispute referred to in paragraph 1(a) in accordance with the rules made by the Commission under the PUCSL Act refer the dispute to the Commission for resolution in accordance with such rules or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995.

PART III SPECIFIC CONDITIONS FOR DISTRIBUTION

Condition 13: Connection to the Exempted Person's Distribution System - requirement to offer terms

1. The Exempted Person shall, subject to paragraphs 3, 4 and 5,

- (a) offer to enter into an agreement to provide a connection to the Exempted Person's Distribution System with any owner or occupier of premises within a specified location in the Exemption Order, who has made an application for connection to the Exempted Person's Distribution System ; and
- (b) offer to enter into an agreement for the modification of a connection from the Exempted Person's Distribution System with any person who has made an application for modification of a connection to the Exempted Person's Distribution System.

2. The Exempted Person, subject to paragraphs 3, 4 and 5, offer terms for an agreement in accordance with paragraph 1 as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purposes of formulating the terms of its offer.

3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any owner or occupier of premises within specified location a by reason of the capacity of the Exempted person's Distribution System and the use made or reasonably expected to be made of it, the Exempted Person would be required to expand or reinforce the capacity of the Exempted person's Distribution System and where it would not, having regard to all the circumstances, be in the public interest for the Exempted Person to undertake such expansion or reinforcement.

4. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any person where the connection of the person represents a risk to the security and stability of the Exempted Person's Distribution System

5. The Exempted Person shall not enter into any agreement with any person if to do so would be likely to involve the Exempted Person:

- (a) in breach of any technical or operational codes Approved by the Commission or
- (b) in breach of the Act or any regulations made under the Act; or

(c) in breach of any enactment relating to safety or standards applicable to the Exempted Person's Distribution System; or

(d) in breach of any other conditions imposed by the Commission.

6. Where the Exempted Person refuses to enter into an agreement with any person in accordance with paragraphs 3, 4 and 5, the Exempted Person shall as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application from that person, notify that person of the refusal, specifying the reasons for refusal.

Condition 14: Connection to the Exempted Person's Distribution System - functions of the Commission

1. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 13, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.
2. If the person wishes to proceed on the basis of the agreement as settled by the Commission, the Exempted Person shall forthwith enter into and implement such agreement in accordance with its terms.
3. If either party to an agreement for connection to, or modification of a connection to, the Exempted Person's Distribution System entered into pursuant to Condition 13 or this Condition proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Commission shall, at the request of the Exempted Person or the other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

Condition 15: Non-discrimination in the provision of connection to the Exempted Person's Distribution System

1. In the carrying out of works for the purpose of connection to the Exempted Person's Distribution System or in providing for the retention of a connection to the Exempted Person's Distribution System, the Exempted Person shall not unduly discriminate:
 - (a) between any persons or class or classes of persons;
 - (b) between the Exempted Person or any Affiliate or Related Undertaking of the Exempted Person and any person or class or classes of persons.

Condition 16: Basis of charges for connection to the Exempted Person's Distribution System

1. The Exempted Person shall, as soon as practicable and, in any event, within 28 days after this Exemption Order has come into force, prepare and submit to the Commission, for the Commission's approval, a statement setting out the basis upon which charges for connection to the Exempted Person's Distribution System, and requests for security deposits in respect of that connection, will be made.
2. The Exempted Person may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once in every year this Exemption Order is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
3. Where any electricity supply provided by the Exempted Person to a person requiring a supply of electricity within the premises described in the schedule 1 the Exempted Person may require any expenses reasonably incurred in providing

the electricity supply to be defrayed by that person, to such extent as it is reasonably incurred in providing electricity supply.

4. An Exempted Person may require by notice in writing any person who requires electricity supply, to provide reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply.

Where any person has not provided such security as is required under this condition or the security provided by such person has become insufficient—

- (a) the Exempted Person may by notice require the person to provide within seven days after the service of the notice, reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply; and
 - (b) if that person fails to provide such security, the Exempted Person may refuse to make the connection or discontinue the supply, as the case may be, for so long as the failure continues.
 - (c) Where any sum of money is provided to a Exempted Person by way of security in pursuance of this Condition, the Exempted Person shall pay interest on such sum of money at such rate as may from time to time be fixed by the Exempted Person with the approval of the Commission, for the period in which it remains in the hands of the Exempted Person.
5. The Exempted Person shall send a copy of the statement prepared in accordance with paragraph 1 and of each revision of such statement in accordance with paragraph 2 to the Commission. Each such revision shall require the approval of the Commission and shall not become effective until approved by the Commission.
 6. The Exempted Person shall give or send a copy of the statement prepared in accordance with paragraph 1 or (as the case may be) of the latest revision of such statement in accordance with paragraph 2 approved by the Commission pursuant to such paragraph to any person who requests a copy of such statement.
 7. The Exempted Person may make a charge for any statement given or sent pursuant to paragraph 4 of an amount reflecting the Exempted Person's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Commission from time to time for the purposes of this Condition.

Condition 17: Provision of information to the Transmission Licensee and to other Distribution Licensees

1. The Exempted Person shall maintain sufficient records to predict its future requirement for energy from the Transmission Licensee and the demand profile of such requirement, including details regarding:
 - (a) the technical non-technical losses inherent in the Exempted Person's Distribution System;
 - (b) energy provided by generators(if any) that are connected to the Exempted Person's Distribution System;
 - (c) the impact of new connections; and
 - (d) the impact of demand management.
 - (e) load characteristics of different consumer categories
2. The Exempted Person shall furnish to the Transmission Licensee and to other Distribution Licensees, in such manner and at such times as may be reasonably required, such information or forecasts as may be reasonably required by the Transmission Licensee and the other Distribution Licensees in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the Total System.

3. In this Condition:

“Total System” means the Transmission System, the Licensee’s Distribution System and the Distribution Systems of all other Distribution Licensees, taken together.

PART IV SPECIFIC CONDITIONS FOR SUPPLY**Condition 18: Prohibition of discrimination in supply**

1. The Exempted Person shall not, in supplying or offering Terms for the supply of electricity to consumers:
 - (a) show undue preference to any person or class of persons;
 - (b) exercise undue discrimination between any persons or classes of persons; or
 - (c) set terms which are unduly onerous.
2. For the purposes of this Condition, Terms are unduly onerous if the revenue from the supply of electricity to consumers on those Terms significantly exceeds the costs of that supply.
3. For the purposes of this Condition, the Commission shall determine any question as to whether any Terms are unduly onerous, having due regard to whether such Terms incorporate charges which do not reasonably cover the costs incurred in consequence of supplying the consumers in question.
4. In this Condition:

“Terms” means all the terms on which a supply of electricity is offered or provided, including terms as to price, which significantly affect the evaluation of that supply.

Condition 19: Supply tariff schedule

1. The Exempted Person shall, as soon as practicable after this Exemption Order shall have come into force and, in any event, not later than such date as the Commission shall specify in directions issued to the Exempted Person for the purposes of this clause, and from time to time thereafter prepare a tariff schedule for sales of electricity to consumers.
2. The tariff schedule shall:
 - (a) be in a form which shall be Approved by the Commission;
 - (b) contain such detail as shall be necessary to enable any consumer to make a reasonable estimate of the charges to which it would become liable for purchases of electricity;
 - (c) be set in accordance with a methodology Approved by the Commission so as to reflect the costs of the Exempted Person in providing electricity at specified times of the year, days of the week and times of the day and night and permit the Exempted Person to recover all reasonable costs incurred in carrying out the activities authorised by this Exemption Order on an efficient basis; and
 - (d) Separately identify:
 - (i) Electricity purchase cost of the Exempted Person
 - (ii) Standby or emergency generator Operation and Maintenance cost
 - (iii) Distribution system Operation and Management Maintenance Cost

3. Where the Commission considers that, by reason of the complexity of any such tariffs fixed by the Exempted Person, simplified explanatory statements are required or expedient for the understanding of consumers, the Commission may direct the Exempted Person to draw up such explanatory statements and thereafter to publish them with the tariff schedule.
4. Exempted Person shall obtain Approval for the supply tariff schedule from the Commission.
5. The Exempted Person shall give or send a copy of the tariff schedule (as from time to time revised) to the Commission not later than 14 days before it is to be made available to any other person.
6. The Exempted Person shall publish the tariff schedule as directed by the Commission.
7. The Exempted Person shall (subject to paragraph 8) give or send a copy of the tariff schedule and any explanatory statement (as from time to time revised) to any person requesting the same.
8. The Exempted Person may make a charge for any copy of the tariff schedule and any explanatory statement (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this clause in directions issued from time to time by the Commission.
9. The Commission may give to the Exempted Person directions requiring the Exempted Person to alter the form of the tariff schedule in such manner as shall be specified in the directions, or so as to attain such objectives as may be specified in the directions and the Exempted Person shall forthwith comply with any such directions.
10. The Commission may prescribe a procedure for review of the tariff schedule.

Condition 20: Distribution & supply tariff agreement

1. The Exempted Person shall (subject to paragraph 3 below and Condition 14) offer to enter into an agreement with any consumer of electricity or person seeking to become a consumer of electricity, such offer to make provision for the charges to be made in respect of such sales of electricity and such charges to be presented in such a way as to be referable to the tariff schedule determined in Condition 19 above.
2. The Exempted Person shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Commission consents to a longer period) in any event not more than 02 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purpose of formulating the terms of the offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement if to do so would involve the Exempted Person:
 - (a) in breach of its duties under the Act;
 - (b) in breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Distribution Business;
 - (c) in breach of this Exemption Order; or
 - (d) in breach of any Approved technical and operational codes.
4. The Exempted Person's obligation to enter into an agreement pursuant to this Condition may be satisfied by the insertion of appropriate clauses into a connection agreement entered into pursuant to Condition 25.

Condition 21 – Enter into premises

1. The Exempted Person and or person authorized by the Exempted Person should give notices to enter upon any premises under this Exemption Order shall not demand to do so as of right unless-
 - I. three days notice of the intended entry has been given by the Authorized Officer of the Exempted Person or Exempted Persons stating as fully and accurately as possible the nature and extent of the acts intended to be done;
 - II. if required to do so, he or she has produced evidence of his or her authority;
 - III. reasonable compensation is paid to the owner of the land or premises for any disturbance, disability or damage that may be caused pursuant to the entry.
2. The Exempted Person or persons authorized by the Exempted Person in writing in that behalf shall be entitled to enter the land, for the purpose of giving a notice referred to in subparagraph 1(a).
3. Where any person exercises any powers conferred by this item, the Exempted Person by whom he or she was authorized in writing shall make good any damage done to the premises as a result of such entry.
4. Where in the exercise of any power conferred by or under this Exemption Order any damage is caused to premises or to any moveable property, any person interested in the premises or moveable property may recover compensation in respect of that damage from the Exempted Person on whose behalf the power is exercised; and where in consequence of the exercise of such a power a person is disturbed in his or her enjoyment of any premises or moveable property he or she may recover from that Exempted Person reasonable compensation in respect of that disturbance as determined by the Commission.

Schedule 1

Bearing Assessment No.200, Union Place, Colombo – 02, Premises of Union Residencies (Pvt) Ltd situated at District of Colombo, Western Province.

05 - 626/3

PUBLIC UTILITIES COMMISSION OF SRI LANKA

EXEMPTION ORDER

Under Section 10 of the Sri Lanka Electricity Act, No. 20 of 2009

1. Grant of the Exemption

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the “Commission”) in exercise of the powers conferred by Section 10(1) of the Sri Lanka Electricity Act No. 20 of 2009 (hereinafter referred to as the “Act”) hereby grants to Pelwatte Sugar Industries PLC, No.27, Melbourne Avenue, Colombo – 04 (hereinafter referred to as the “Exempted Person”) an exemption from the requirement to obtain a licence to:

For the limited purpose of distribute and supply or distribute or supply electricity within the premises Pelwatte, Buttala morefully described in the schedule 1 attached hereto subject to the Conditions contained in this Order.

2. Approvals

The Exempted Person shall obtain all the approvals required under applicable Laws, Regulations and Rules necessary to carry out the distribution and supply of electricity, including and not limited to the provisions of the Sri Lanka Electricity Act No 20 of 2009.

3. Term of the Exemption

The Exemption hereby granted shall come into force on 26/01/2012 and, unless revoked or withdrawn subject to the provisions of Revocation and Withdrawal of the Exemption in the Exemption Order below, shall continue in full force and effect for a period of [05] years from 26/01/2012.

4. Revocation and Withdrawal of the Exemption

This Exemption may be revoked or withdrawn in accordance with Section 22 of the Act.

DR. JAYATISSA DE COSTA PC
Chairman
Public Utilities Commission of Sri Lanka

CONDITIONS OF THE EXEMPTION

Condition 1: Interpretation and construction

1. Unless the contrary intention appears:

- (a) words and expressions used in the Conditions or the Schedules shall be construed as if they were in an enactment and the Interpretation Acts applied to them and
- (b) references to an enactment shall include primary and subordinate legislation and, in both cases, any modification or re-enactment thereof after the date when this Exemption comes into force.

2. Any word or expression defined in the Act for the purposes of any provision of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions or in the Schedules.

3. In the Conditions and in the Schedules, unless otherwise specified or the context otherwise requires:

“Affiliate”	in relation to the Exempted Person, means any Holding Company of the Exempted Person or any Subsidiary of the Exempted Person or any Subsidiary of a Holding Company of the Exempted Person, in each case within the meaning of the Companies Act, No. 7 of 2007;
“Approved”	for the purposes of Conditions 4, 9, 13, 16, 19, and 20 means approved by the Commission and “Approval” shall have a corresponding meaning;
“Licensee”	a person holding a valid Licence under the section 13 of the Sri Lanka Electricity Act, No: 20 of 2009.
“Distribution Business”	means the licensed business of the Licensee to transport electrical energy purchased from a Transmission System or Generation Plants or other purchase points, using a system owned and

	operated by the Licensee consisting mainly of overhead lines, underground cables, service lines, transformers, meters and other ancillary plant and equipment having a designed voltage of 33 kV (between phase conductors) or lower, to the point of delivery of end user or authorized operators who are desirous of obtaining an electricity supply at a voltage of 33 kV or lower ;
“Exempted Person”	means a person exempted from obtaining licence to distribute and supply, or distribute or supply, electricity under Section 10 of the Act;
“Electricity Undertaking”	means any person engaged in the distribution or supply of electricity;
“Holding Company”	means a holding company within the meaning of the Companies Act, No 7 of 2007;
“Exempted Person’s Distribution System”	means all electricity power lines of the Exempted Person within the premises specified in schedule 01, hereto except lines forming part of the Transmission System and any other electricity power lines which the Exempted Person may, with the approval of the Commission, specify as being part of the Exempted Person’s Distribution System, and includes any electric plant, meters, transformers and switchgear of the Exempted Person and which is used for conveying electricity to premises;
“Modification”	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
“PUCSL Act”	means the Public Utilities Commission of Sri Lanka Act, No.35 of 2002;
“Related Undertaking”	means any related undertaking within the meaning of the Companies Act No 7 of 2007;
“Representation”	includes any objection or any other proposal made in writing;
“Subsidiary”	has the meaning given in the Companies Act, No 7 of 2007, and “Subsidiaries” shall be defined accordingly;
“Transmission Licensee”	means the holder of a licence to transmit electricity under section 13(1)(c)(i)(b) of the Act; and
“Transmission System”	means the system which is owned and operated by the Transmission Licensee and which consists (wholly or mainly) of Extra High Voltage electric lines and electric plant and which is used for conveying electricity from a Generation Plant to a Substation, from one Generation Plant to another or from one Substation to another, including all Extra High Voltage electric lines which are used to convey electricity to the premises of bulk supply consumers (but shall not include any such lines which form part of any distribution system).

4. Unless otherwise specified:

- (a) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in this Exemption Order;
- (b) any reference to a numbered clause is a reference to the clause bearing that number in the Schedule in which the reference occurs;
- (c) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or clause in which the reference occurs; and

without prejudice to any provision which restricts such variation, supplement or replacement any reference to any agreement, Exemption Order (other than this Exemption Order), code or other instrument shall include a reference to such agreement, Exemption Order, code or other instrument as varied, supplemented or replaced from time to time.

- 5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
- 6. Where any obligation of the Exemption Order is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Exempted Person fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Exempted Person by reason of the Exempted Person's failure to perform within the time limit).
- 7. If there is any inconsistency between this Exemption Order and the Act, the Act shall prevail to the extent of any such inconsistency. Conditions set out in the Act shall form an integral part of the Exemption Order in addition to Conditions set out herein.

Condition 2: Provision of Information to the Commission

- 1. The Exempted Person shall furnish to the Commission, in such manner and at such times as the Commission may require, such Information and shall procure and furnish to it such reports as the Commission 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 the Act or the PUCSL Act.
- 2. Without prejudice to the generality of paragraph 1, the Commission may call for the furnishing of accounting Information which is more extensive than, or differs from, that required to be prepared and supplied to the Commission.
- 3. The power of the Commission to call for Information under paragraph 1 is without prejudice to the power of the Commission to call for Information under or pursuant to any other Condition of this Exemption Order or under or pursuant to the Act, the PUCSL Act or any other enactment.
- 4. The Exempted Person within one month of obtaining the exemption shall appoint a person in its organisation, who is responsible for its Distribution Business.
- 5. In this Condition:

“Information” shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

Condition 3: Decisions, Orders, Directions and Determinations of the Commission

1. The Exempted Person shall comply with any decisions, orders, directions and determinations made by the Commission pursuant to the Exemption Order.
2. The costs associated with compliance with such decisions, orders, directions and determinations shall be the responsibility of the Exempted Person.
3. In order to comply with any order or direction made by the Commission the Exempted Person shall allow the Commission, any other authority or person specified in the order of the Commission such access to or control of its property as the Commission requires.

Condition 4: Compliance with technical and operational codes

1. At the request of the Commission the Exempted Person shall, in consultation with any Electricity Undertakings the Commission consider appropriate, develop and implement, such technical and operational codes as the Commission may, direct from time to time.
2. Any technical and operational codes developed pursuant to paragraph 1 shall be submitted to the Commission for Approval before they may be implemented.
3. The Exempted Person may propose modifications to a code that is in force at the relevant time by notifying the Commission of its proposal in accordance with the code modification process set out in the relevant code.
4. The Exempted Person shall give or send a copy of all approved technical and operational codes (and any revisions thereto) developed and implemented by the Exempted Person pursuant to this Condition to:
 - (a) the Commission ; and
 - (b) any person requesting the same.
5. The Exempted Person may make a charge for any copy of any code given or sent pursuant to paragraph 4(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Commission. The Exempted Person shall comply with the provisions of any Approved technical and operational codes which are specified therein as applicable to it.
6. The Commission may, following consultation in relevant circumstances with any Electricity Undertakings the Commission shall consider appropriate, issue directions relieving the Exempted Person of its obligation under paragraph 6 in respect of such part or parts of any Approved technical and operational codes to such extent as may be specified in those directions and subject to such terms and conditions as the Commission may determine.
7. The Exempted Person shall comply with the existing technical and operational codes in respect of all activities, until such time Commission Approved technical and operational codes are available.

Condition 5: Other agreements

1. The Exempted Person shall enter into any agreements with other persons it is directed to by the Commission, including tariff and connection agreements with the relevant Licensees.
2. The Exempted Person shall be required to participate in the preparation of any agreement which it has been directed to enter into by the Commission.

3. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement it has been directed to by the Commission, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.

Condition 6: Assignment of the Exemption Order and transfer of the Distribution Business

1. The Exempted Person shall not, without the prior written consent of the Commission, assign this Exemption Order either in whole or in part.
2. The Exempted Person shall not, without the prior written consent of the Commission, transfer to another person (the "Transferee") all or any part of the Distribution Business carried out under this Exemption Order.
3. Any consent of the Commission to any assignment of this Exemption Order or transfer of the Distribution Business shall be subject to the Commission being satisfied that the assignee or Transferee, as the case may be, will have the technical and financial capability to comply with the Conditions of this Exemption Order and, in the case of a transfer only, the Transferee being granted an Exemption Order, and may be subject to compliance by the assignee or Transferee, as the case may be, with any other matters determined by the Commission to be necessary, including the modification of this Exemption Order in accordance with the Act where deemed necessary by the Commission.
4. Nothing in this Condition shall prevent the Exempted Person transferring the Distribution Business to an assignee where the Commission consented to such assignment, provided that such transfer is effected as soon as practicable after such consent has been given.

Condition 7: Revocation or Withdrawal of the Exemption Order

1. The Commission may revoke this Exemption Order in accordance with the Section 22 of the Sri Lanka Electricity Act No. 20 of 2009 in the following circumstances:
 - (a) if the Exempted Person agrees in writing with the Commission that this Exemption Order should be revoked;
 - (b) if the Exempted Person fails to comply with an order or direction issued by the Commission under Condition 2 of this order or direction within 60 days from the date of its issue or such longer period as the Commission may specify in the order or direction;
 - (c) if
 - (i) there is a Change In Control of the Exempted Person; and
 - (ii) the Commission is satisfied that neither the new shareholder nor the entity appointed by the new shareholder (if any) to operate the Distribution Business has adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Exempted Person, to carry out the Distribution Business; and
 - (iii) the Commission serves notice on the Exempted Person stating that the Commission proposes to revoke this Exemption Order in pursuance of this paragraph unless such further Change In Control of the Exempted Person as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and
 - (iv) further change does not take place within that period;
 - (d) if the Exempted Person fails to notify the Commission as soon as practicable thereafter that a Change In Control of the Exempted Person shall have occurred;

- (e) if the Exempted Person ceases to carry on the Distribution Business for a continuous period of 3 months except where the Commission is satisfied that this has occurred as a result of events beyond the reasonable control of the Exempted Person, , in which case the Commission shall substitute such longer period as it, in its sole discretion, considers reasonable in all the circumstances;
- (f) if it is found that the issue of this Exempted Person had been based on information provided by the Exempted Person which is materially inaccurate or incorrect.
- (g) If the Exempted Person violates and/or breaches any condition of this Exemption Order.

Condition 8: Environment

1. The Exempted Person shall comply with all applicable Environmental Laws in Sri Lanka, subject to any exemptions or grace periods which may be granted to the Exempted Person under such Environmental Laws for compliance.
2. The Exempted Person shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and, from time to time, modify a written policy setting out the manner in which the Exempted Person proposes to comply with its duties and obligations under all applicable Environmental Laws.
3. The Exempted Person shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Exempted Person, “Environmental Laws” means those laws which are, from time to time, in force whose purpose is the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and, for the avoidance of doubt, shall include, but shall not be limited to, the National Environment Act, No. 47 of 1980 and all relevant legislation relating to the assessment of environmental impacts and the protection of air, land and water.

Condition 9: Health and safety

1. The Exempted Person shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Exempted Person when carrying out the Distribution Business, including preparing a safety and technical management plan as set out in paragraph 2 below.
2. The Exempted Person shall:
 - (a) not later than such date as the Commission may specify and in consultation with the Commission, prepare a safety and technical management plan and submit the plan to the Commission for approval;
 - (b) annually review, and if necessary update, the plan to ensure its efficient operation, and submit the updated plan to the Commission for approval;
 - (c) comply with the plan (as updated from time to time) as approved by the Commission;
 - (d) not amend the plan without the approval of the Commission; and
 - (e) ensure that an annual audit of its compliance with its obligations under the plan is conducted by an independent expert approved by the Commission and in accordance with the plan;
 - (f) compile health and safety statistics and indices specified by the Commission; and
 - (g) promptly report the results of those audits, statistics and indices to the Commission.

Condition 10: Insurance

1. The Exempted Person shall adopt and implement reasonable and prudent policies in relation to the management and insurance of risks associated with the Distribution Business.

Condition 11: Confidential information

1. The Exempted Person shall take reasonable measures to ensure that all information received by it relating to the Distribution Business:
 - (a) is kept confidential by the Exempted Person except as otherwise permitted by the Commission, this Exemption Order or any code of practice, and that access to such confidential information is provided only, and as is necessary for the due performance of their lawful functions, to directors, officers and employees of the Exempted Person, or to an agent of the Exempted Person that has agreed in writing to observe this requirement of confidentiality;
 - (b) is not used by the Exempted Person for any purpose other than that for which it was provided or for a purpose permitted by this Exemption Order or a code of practice; and
 - (c) is not used by the Exempted Person for any commercial advantage in the provision of any service other than a service comprised in the Distribution Business.

Condition 12: Dispute resolution

1. The Exempted Person may:
 - (a) in respect of a dispute between itself and a tariff customer which it is unable to resolve - refer the dispute to the Commission for mediation and resolution in accordance with the rules made by the Commission under the PUCSL Act;
 - (b) in respect of a dispute (other than a dispute referred to in paragraph 1(a) in accordance with the rules made by the Commission under the PUCSL Act refer the dispute to the Commission for resolution in accordance with such rules or, where directed to do so by the Commission refer the dispute to court or arbitration body in accordance with the Arbitration Act, No.11 of 1995.

PART III SPECIFIC CONDITIONS FOR DISTRIBUTION

Condition 13: Connection to the Exempted Person's Distribution System - requirement to offer terms

1. The Exempted Person shall, subject to paragraphs 3, 4 and 5,
 - (a) offer to enter into an agreement to provide a connection to the Exempted Person's Distribution System with any owner or occupier of premises within a specified location in the Exemption Order, who has made an application for connection to the Exempted Person's Distribution System ; and
 - (b) offer to enter into an agreement for the modification of a connection from the Exempted Person's Distribution System with any person who has made an application for modification of a connection to the Exempted Person's Distribution System.
2. The Exempted Person, subject to paragraphs 3, 4 and 5, offer terms for an agreement in accordance with paragraph 1 as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purposes of formulating the terms of its offer.

3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any owner or occupier of premises within specified location a by reason of the capacity of the Exempted person's Distribution System and the use made or reasonably expected to be made of it, the Exempted Person would be required to expand or reinforce the capacity of the Exempted person's Distribution System and where it would not, having regard to all the circumstances, be in the public interest for the Exempted Person to undertake such expansion or reinforcement.
4. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter into any agreement with any person where the connection of the person represents a risk to the security and stability of the Exempted Person's Distribution System
5. The Exempted Person shall not enter into any agreement with any person if to do so would be likely to involve the Exempted Person:
 - (a) in breach of any technical or operational codes Approved by the Commission or
 - (b) in breach of the Act or any regulations made under the Act; or
 - (c) in breach of any enactment relating to safety or standards applicable to the Exempted Person's Distribution System; or
 - (d) in breach of any other conditions imposed by the Commission.
6. Where the Exempted Person refuses to enter into an agreement with any person in accordance with paragraphs 3, 4 and 5, the Exempted Person shall as soon as practicable and, in any event, not more than 2 weeks after receipt by the Exempted Person of an application from that person, notify that person of the refusal, specifying the reasons for refusal.

Condition 14: Connection to the Exempted Person's Distribution System - functions of the Commission

1. If, after a period which appears to the Commission to be reasonable for the purpose, the Exempted Person has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 13, the Commission shall, on the application of such person or the Exempted Person, settle any terms of the agreement in dispute between the Exempted Person and the person in question in such manner as appears to the Commission to be reasonable.
2. If the person wishes to proceed on the basis of the agreement as settled by the Commission, the Exempted Person shall forthwith enter into and implement such agreement in accordance with its terms.
3. If either party to an agreement for connection to, or modification of a connection to, the Exempted Person's Distribution System entered into pursuant to Condition 13 or this Condition proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Commission shall, at the request of the Exempted Person or the other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

Condition 15: Non-discrimination in the provision of connection to the Exempted Person's Distribution System

1. In the carrying out of works for the purpose of connection to the Exempted Person's Distribution System or in providing for the retention of a connection to the Exempted Person's Distribution System, the Exempted Person shall not unduly discriminate:
 - (a) between any persons or class or classes of persons;

- (b) between the Exempted Person or any Affiliate or Related Undertaking of the Exempted Person and any person or class or classes of persons.

Condition 16: Basis of charges for connection to the Exempted Person's Distribution System

1. The Exempted Person shall, as soon as practicable and, in any event, within 28 days after this Exemption Order has come into force, prepare and submit to the Commission, for the Commission's approval, a statement setting out the basis upon which charges for connection to the Exempted Person's Distribution System, and requests for security deposits in respect of that connection, will be made.
2. The Exempted Person may periodically revise the information set out in and, with the approval of the Commission, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once in every year this Exemption Order is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
3. Where any electricity supply provided by the Exempted Person to a person requiring a supply of electricity within the premises described in the schedule 1 the Exempted Person may require any expenses reasonably incurred in providing the electricity supply to be defrayed by that person, to such extent as it is reasonably incurred in providing electricity supply.
4. An Exempted Person may require by notice in writing any person who requires electricity supply, to provide reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply.

Where any person has not provided such security as is required under this condition or the security provided by such person has become insufficient—

- (a) the Exempted Person may by notice require the person to provide within seven days after the service of the notice, reasonable security for the payment of maximum of two month's electricity consumption bill which may become due to the Exempted Person in respect of the supply; and
 - (b) if that person fails to provide such security, the Exempted Person may refuse to make the connection or discontinue the supply, as the case may be, for so long as the failure continues.
 - (c) Where any sum of money is provided to a Exempted Person by way of security in pursuance of this Condition, the Exempted Person shall pay interest on such sum of money at such rate as may from time to time be fixed by the Exempted Person with the approval of the Commission, for the period in which it remains in the hands of the Exempted Person.
5. The Exempted Person shall send a copy of the statement prepared in accordance with paragraph 1 and of each revision of such statement in accordance with paragraph 2 to the Commission. Each such revision shall require the approval of the Commission and shall not become effective until approved by the Commission.
 6. The Exempted Person shall give or send a copy of the statement prepared in accordance with paragraph 1 or (as the case may be) of the latest revision of such statement in accordance with paragraph 2 approved by the Commission pursuant to such paragraph to any person who requests a copy of such statement.
 7. The Exempted Person may make a charge for any statement given or sent pursuant to paragraph 4 of an amount reflecting the Exempted Person's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Commission from time to time for the purposes of this Condition.

Condition 17: Provision of information to the Transmission Licensee and to other Distribution Licensees

1. The Exempted Person shall maintain sufficient records to predict its future requirement for energy from the Transmission Licensee and the demand profile of such requirement, including details regarding:
 - (a) the technical non-technical losses inherent in the Exempted Person's Distribution System;
 - (b) energy provided by generators(if any) that are connected to the Exempted Person's Distribution System;
 - (c) the impact of new connections; and
 - (d) the impact of demand management.
 - (e) load characteristics of different consumer categories
2. The Exempted Person shall furnish to the Transmission Licensee and to other Distribution Licensees, in such manner and at such times as may be reasonably required, such information or forecasts as may be reasonably required by the Transmission Licensee and the other Distribution Licensees in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the Total System.
3. In this Condition:

“Total System” means the Transmission System, the Licensee's Distribution System and the Distribution Systems of all other Distribution Licensees, taken together.

PART IV SPECIFIC CONDITIONS FOR SUPPLY**Condition 18 : Prohibition of discrimination in supply**

1. The Exempted Person shall not, in supplying or offering Terms for the supply of electricity to consumers:
 - (a) show undue preference to any person or class of persons;
 - (b) exercise undue discrimination between any persons or classes of persons; or
 - (c) set terms which are unduly onerous.
2. For the purposes of this Condition, Terms are unduly onerous if the revenue from the supply of electricity to consumers on those Terms significantly exceeds the costs of that supply.
3. For the purposes of this Condition, the Commission shall determine any question as to whether any Terms are unduly onerous, having due regard to whether such Terms incorporate charges which do not reasonably cover the costs incurred in consequence of supplying the consumers in question.
4. In this Condition:

“Terms” means all the terms on which a supply of electricity is offered or provided, including terms as to price, which significantly affect the evaluation of that supply.

Condition 19: Supply tariff schedule

1. The Exempted Person shall, as soon as practicable after this Exemption Order shall have come into force and, in any event, not later than such date as the Commission shall specify in directions issued to the Exempted Person for the purposes of this clause, and from time to time thereafter prepare a tariff schedule for sales of electricity to consumers.
2. The tariff schedule shall:
 - (a) be in a form which shall be Approved by the Commission;
 - (b) contain such detail as shall be necessary to enable any consumer to make a reasonable estimate of the charges to which it would become liable for purchases of electricity;
 - (c) be set in accordance with a methodology Approved by the Commission so as to reflect the costs of the Exempted Person in providing electricity at specified times of the year, days of the week and times of the day and night and permit the Exempted Person to recover all reasonable costs incurred in carrying out the activities authorised by this Exemption Order on an efficient basis; and
 - (d) Separately identify:
 - (i) Electricity purchase cost of the Exempted Person
 - (ii) Standby or emergency generator Operation and Maintenance cost
 - (iii) Distribution system Operation and Management Maintenance Cost
3. Where the Commission considers that, by reason of the complexity of any such tariffs fixed by the Exempted Person, simplified explanatory statements are required or expedient for the understanding of consumers, the Commission may direct the Exempted Person to draw up such explanatory statements and thereafter to publish them with the tariff schedule.
4. Exempted Person shall obtain Approval for the supply tariff schedule from the Commission.
5. The Exempted Person shall give or send a copy of the tariff schedule (as from time to time revised) to the Commission not later than 14 days before it is to be made available to any other person.
6. The Exempted Person shall publish the tariff schedule as directed by the Commission.
7. The Exempted Person shall (subject to paragraph 8) give or send a copy of the tariff schedule and any explanatory statement (as from time to time revised) to any person requesting the same.
8. The Exempted Person may make a charge for any copy of the tariff schedule and any explanatory statement (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this clause in directions issued from time to time by the Commission.
9. The Commission may give to the Exempted Person directions requiring the Exempted Person to alter the form of the tariff schedule in such manner as shall be specified in the directions, or so as to attain such objectives as may be specified in the directions and the Exempted Person shall forthwith comply with any such directions.
10. The Commission may prescribe a procedure for review of the tariff schedule.

Condition 20: Distribution & supply tariff agreement

1. The Exempted Person shall (subject to paragraph 3 below and Condition 14) offer to enter into an agreement with any consumer of electricity or person seeking to become a consumer of electricity, such offer to make provision for the charges to be made in respect of such sales of electricity and such charges to be presented in such a way as to be referable to the tariff schedule determined in Condition 19 above.
2. The Exempted Person shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Commission consents to a longer period) in any event not more than 02 weeks after receipt by the Exempted Person of an application containing all such information as the Exempted Person may reasonably require for the purpose of formulating the terms of the offer.
3. The Exempted Person shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement if to do so would involve the Exempted Person:
 - (a) in breach of its duties under the Act;
 - (b) in breach of any regulations made under the Act or of any other enactment relating to safety or standards applicable in respect of the Distribution Business;
 - (c) in breach of this Exemption Order; or
 - (d) in breach of any Approved technical and operational codes.
4. The Exempted Person's obligation to enter into an agreement pursuant to this Condition may be satisfied by the insertion of appropriate clauses into a connection agreement entered into pursuant to Condition 25.

Condition 21 – Enter into premises

1. The Exempted Person and or person authorized by the Exempted Person should give notices to enter upon any premises under this Exemption Order shall not demand to do so as of right unless-
 - I. three days notice of the intended entry has been given by the Authorized Officer of the Exempted Person or Exempted Person stating as fully and accurately as possible the nature and extent of the acts intended to be done;
 - II. if required to do so, he or she has produced evidence of his or her authority;
 - III. reasonable compensation is paid to the owner of the land or premises for any disturbance, disability or damage that may be caused pursuant to the entry.
2. The Exempted Person or person authorized by the Exempted Person in writing in that behalf shall be entitled to enter the land, for the purpose of giving a notice referred to in subparagraph 1(a).
3. Where any person exercises any powers conferred by this item, the Exempted Person by whom he or she was authorized in writing shall make good any damage done to the premises as a result of such entry.
4. Where in the exercise of any power conferred by or under this Exemption Order any damage is caused to premises or to any moveable property, any person interested in the premises or moveable property may recover compensation in

respect of that damage from the Exempted Person on whose behalf the power is exercised; and where in consequence of the exercise of such a power a person is disturbed in his or her enjoyment of any premises or moveable property he or she may recover from that Exempted Person reasonable compensation in respect of that disturbance as determined by the Commission.

Schedule 1

As per the Township Map No. P.M./H.D. 28/08/98 dated 2002.09.06 certified by M.G. Aruni Pradeep Lakmali (L.L.B Colombo), Attorney – at - Law, Notary Public, Commissioner of Oaths, Pelwatte Sugar Industries Ltd, Buttala, situated at Pelwatte , Buttala

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