

Licence No. EMA/WEG/008

Electricity Licence for Wholesaler Licensee (Generation)

granted under
the Electricity Act (Cap. 89A) to

MSD International GmbH

ELECTRICITY LICENCE FOR WHOLESALER LICENSEE (GENERATION)

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PART I: SCOPE OF THE LICENCE

1. The Energy Market Authority of Singapore (the "Authority"), in exercise of the powers conferred by Section 9 of the Electricity Act (Cap. 89A) (the "Act"), hereby grants to MSD International GmbH (the "Licensee"), a company incorporated in Switzerland and registered in the Republic of Singapore on 21 May 2010 with Registration Number T10FC0048B, an electricity licence (the "licence") authorising the Licensee to trade in any wholesale electricity market operated by the Market Company for the purpose of selling electricity, subject to the conditions of this licence (the "Conditions").
2. The Conditions are subject to modification in accordance with their terms or Section 12 of the Act.
3. This licence authorises the Licensee to trade electricity generated by the Licensee only under the exemption in paragraph 2(c) of the Electricity (Electricity Generation Licence) (Exemption) (No. 2) Order 2003.
4. Subject to paragraph 5 below, this licence shall commence on 1 Mar 2011 and expire on 28 Jun 2037.
5. The Authority may at any time during the term of this licence revoke or suspend this licence in accordance with Section 13 of the Act.

21 Jan 2011

LAWRENCE WONG
Chief Executive
Energy Market Authority of Singapore

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PART II: CONDITIONS OF THE LICENCE

Condition 1: Interpretation

1. Unless the context otherwise requires, words and expressions used in this licence shall be construed as if they were in an Act of Parliament and the Interpretation Act (Cap. 1) applied to them and references to an enactment shall include any statutory modification or re-enactment thereof or any legislation substituted therefor after the date when this licence comes into operation. A reference in this licence to a body, whether statutory or not, which ceases to exist or whose functions are transferred to another body includes a reference to the body which replaces it or which substantially succeeds to its functions, powers or duties. A reference in this licence to the word “including” or a grammatical variation thereof means “including but not limited to”.
2. Unless the context otherwise requires or the term is otherwise defined in paragraph 3 of this Condition, all terms defined in the Act shall have the same meaning when used in this licence.
3. In this licence, unless the context otherwise requires:
 - “authorised business” means, in respect of the Licensee, the business of trading in any wholesale electricity market operated by the Market Company for the purpose of selling electricity generated by the Licensee only under the exemption in paragraph 2(c) of the Electricity (Electricity Generation Licence) (Exemption) (No. 2) Order 2003;
 - “director” means any person who is a “director” within the meaning of Section 4(1) of the Companies Act (Cap. 50);
 - “power system” means a system comprising (a) the transmission system; and (b) generation facilities and load facilities, as defined in the market rules, connected to the transmission system;
 - “Power System Operator” means the Authority acting in its capacity as the person responsible for ensuring the security of supply of electricity to consumers and arranging for secure operation of the transmission system in accordance with the market rules and applicable codes of practice as described in Section 3(3)(e) of the Act;
 - “regulatory contract” means an agreement or arrangement which an electricity licensee is required, by condition of licence, to enter into under Section 9(7)(a)(ii) of the Act;
 - “related enterprise” in relation to the Licensee or its subsidiary means any company or partnership over which the Licensee or its subsidiary, as the case may be (either directly or through another subsidiary company) is able to exercise control, that is, to direct the decision-making process of the company or partnership, whether through holding issued share capital or voting power of the company or partnership; and

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“relevant legislation” means the Act and the Energy Market Authority of Singapore Act (Cap. 92B), and includes in each case the regulations made thereunder.

4. For the purposes of the restriction on the transfer of this licence, the provisions of Section 11 of the Act shall apply and, accordingly:
 - (a) this licence is not transferable without the approval in writing of the Authority; and
 - (b) any purported transfer of this licence shall be void.
5. Any reference in this licence to a numbered paragraph is a reference to the paragraph bearing that number in the condition in which the reference occurs.
6. Where in this licence the Licensee is required to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit.
7. The provisions of Section 99 of the Act shall apply for the purposes of the service of any document pursuant to this licence.

Condition 2: Limit on Trading of Electricity Generated

1. The electricity which may be sold by the Licensee in any wholesale electricity market operated by the Market Company, shall be generated by the Licensee only under the exemption in paragraph 2(c) of the Electricity (Electricity Generation Licence) (Exemption) (No. 2) Order 2003, provided the Licensee is registered as a market participant in accordance with the market rules.
2. The Licensee shall not acquire, own, operate or have control over any generating unit connected to the electricity grid, other than a generating unit as described in paragraph 2(c)(i) of the Electricity (Electricity Generation Licence) (Exemption) (No. 2) Order 2003.

Condition 3: Composition of the Board of Directors

1. The Licensee shall procure that at all times its directors shall not be employed by nor hold any office or engagement with:
 - (a) any generation licensee or any person exempted from the obligation to hold an electricity licence to generate electricity;
 - (b) any person authorised by an electricity licence or exempted from the obligation to hold an electricity licence, to engage in an activity referred to in one or more of subsections (b), (ba), (e), or (g) of Section 6(1) of the Act; or
 - (c) a gas transporter or gas transport agent under the Gas Act (Cap. 116A).

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2. The Authority may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as the Authority may determine.

Condition 4: Prohibition of Acquisition of Shares

1. The Licensee shall not directly or indirectly through its related enterprises acquire or hold any shares in:
 - (a) any generation licensee or any person exempted from the obligation to hold an electricity licence to generate electricity;
 - (b) any person authorised by an electricity licence or exempted from the obligation to hold an electricity licence, to engage in an activity referred to in one or more of subsections (b), (ba), (e), or (g) of Section 6(1) of the Act; or
 - (c) a gas transporter or gas transport agent under the Gas Act (Cap. 116A).
2. The Authority may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period, as the Authority may determine.

Condition 5: Compliance with Market Rules

1. The Licensee shall not trade in any wholesale electricity market operated by the Market Company unless it is registered as a market participant in accordance with the market rules. The Licensee shall at all times comply with the provisions of the market rules applicable to the Licensee.
2. If the Licensee applies to the Market Company for registration as a market participant, the Licensee shall notify the Authority:
 - (a) of the filing of such application;
 - (b) upon being registered or denied registration as a market participant;
 - (c) upon having its registration as a market participant suspended or terminated; and
 - (d) no later than 2 (two) months before any application is filed by the Licensee to withdraw its registration as a market participant.

Condition 6: Codes of Practice

1. The Licensee shall be subject to and shall comply with any codes of practice and standards of performance issued or approved under Section 16 of the Act that apply to the Licensee.
2. The Licensee may be required to participate in the development of any code of practice and standard of performance to be issued by the Authority if such code

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- of practice or standard of performance will directly or indirectly affect the authorised business of the Licensee.
3. The Licensee may propose modifications to a code of practice or standard of performance that is in force at the relevant time by notifying the Authority in writing of the proposed modification. The Authority may:
 - (a) review the proposed modification to a code of practice and determine whether the proposed modification should be made, in accordance with the code modification process set out in the relevant code; and
 - (b) review the proposed modification to a standard of performance to determine whether the proposed modification should be made.
 4. The Authority may by written notification, exempt the Licensee from compliance with any code of practice, in whole or in part, and subject to such terms and conditions as the Authority may determine.
 5.
 - (1) The Licensee shall not:
 - (a) with regard to its authorised business or the electricity industry,
 - (i) make, prepare, attest to or certify, orally or in writing, any representation or statement that is false, incorrect or misleading or open to misconstruction by any person; or
 - (ii) make any representation or statement, orally or in writing, or give any answer, orally or in writing, or otherwise conduct itself in a manner that is likely to mislead any person; or
 - (b) mislead or otherwise create any confusion in the mind of a person about its authorised business.
 - (2) If the Authority is satisfied that the Licensee is contravening or has contravened any provision of paragraph (1), the Authority may, by notice in writing to the Licensee, direct the Licensee to take such steps, as are specified in such direction, to correct such false, incorrect or misleading representation, statement or answer or to correct such confusion, including without limitation, by requiring the Licensee to publish a correction or to write to such persons to set out the correct facts within a specified period of time as directed by the Authority.
 - (3) The Authority may take enforcement action against the Licensee in accordance with the provisions of the Act if the Licensee fails to comply with the direction of the Authority issued under paragraph (2) above.

Condition 7: Regulatory Contracts

1. The Licensee shall enter into the following regulatory contracts:

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- (a) a connection agreement with the transmission licensee for connection of its generating station to the transmission system;
 - (b) an agreement with the Power System Operator for the purposes of creating a contractual relationship between the Power System Operator and the Licensee as a market participant; and
 - (c) an agreement with a market support services licensee for the provision of metering services.
2. The Licensee may be required to participate in the preparation of any regulatory contract to which the Licensee will be a party.
3. If after a period which appears to the Authority to be reasonable, or such period agreed to between the parties and approved by the Authority, or such other period as stipulated by the Authority from time to time, the Licensee has failed to enter into a regulatory contract, the Authority may, at the request of the Licensee or the party aggrieved by such failure, determine any terms of the regulatory contract in such manner as appears to the Authority to be reasonable. The Licensee shall thereafter enter into the regulatory contract on the terms determined by the Authority.
4. Paragraph 3 of this Condition shall not apply to any regulatory contract under which the Authority or an entity that is operated by or to which the Authority has a shareholding is a party, in which case an independent third party shall be appointed to negotiate any terms that remain unresolved as between the Authority or the aforesaid entity, as the case may be, and the Licensee.
5. Any dispute arising under a regulatory contract to which the Licensee is a party shall be resolved in accordance with the dispute resolution provisions of the regulatory contract.

Condition 8: Investigation of Offences

1. The Licensee shall monitor its activities with respect to its compliance with this licence and shall report any suspected non-compliance to the Authority. The Licensee shall also submit quarterly, or at such other frequency as notified by the Authority in writing, a compliance statement to the Authority that it has complied with the requirements in this Licence or describing any cases of suspected non-compliance.
2. Where it comes to the attention of the Licensee that another electricity licensee has breached its electricity licence or relevant legislation, the Licensee may report any suspected non-compliance to the Authority.
3. Where the Licensee reports suspected non-compliance by itself or another electricity licensee, or requests the Authority to institute a prosecution against any person for contravening a provision of relevant legislation in relation to the authorised business, the Licensee shall furnish to the Authority:
 - (a) a written report on the suspected non-compliance or contravention; and

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- (b) any relevant information and evidence in the possession or control of the Licensee and requested by the Authority within 30 (thirty) days of the Authority's request.
- 4. Where the Authority receives any information from any person other than the Licensee indicating that an offence under relevant legislation may have been committed in respect of activities or property belonging to or managed by the Licensee, the Authority may, subject to Section 5 of the Act, inform the Licensee of such information and the Licensee shall furnish to the Authority, within 30 days of the Authority's request,:
 - (a) a written report on the suspected offence; and
 - (b) any relevant information and evidence in the possession or control of the Licensee and requested by the Authority.
- 5. The Licensee and its directors and officers shall give full assistance and cooperation to the Authority and its prosecuting officer or counsel in connection with any prosecution proceedings arising from paragraphs 1 through 4 of this Condition.

Condition 9: Information, Access and Audit Rights of the Authority

- 1. The Licensee shall promptly inform the Authority of any circumstances that result, or are likely to result, in a change in the information provided to the Authority and shall provide updated information to the Authority in a timely manner.
- 2. Without prejudice to the powers of the Authority to call for information under or pursuant to any other conditions in this licence or relevant legislation, the Licensee shall, at its own cost, furnish to the Authority such information as the Authority requires pursuant to Section 4 of the Act and in such form as the Authority requires.

Condition 10: Payment of Fees

- 1. The Licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in, or determined under, paragraphs 2 to 4.
- 2. The Authority shall notify the Licensee on or before the 1st of April of each subsequent year in which this licence is in effect of the fee to be paid and the Licensee shall pay such fee to the Authority on or before 30th April of each such subsequent year.
- 3. Without prejudice to any other powers of the Authority under this licence or the Act, if the Licensee shall fail to pay in full any fee due pursuant to this Condition on or before the due date for payment thereof the Licensee shall pay to the Authority interest at the Prescribed Rate described in paragraph 5 below, which interest shall accrue daily on the amount unpaid on and from such due date to the date of actual payment and shall be compounded monthly at the end of each calendar month.

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4. The Prescribed Rate shall be the rate which is four percentage points (4%) above the arithmetic average of the rates quoted in Singapore by The Development Bank of Singapore Limited, Overseas-Chinese Banking Corporation Limited and United Overseas Bank Limited (or such other banks as the Authority may specify in writing from time to time) as being the respective prime lending rates of such banks for each day of the period for which interest accrues, and in respect of any day during such period which is not a day for which such a rate is quoted the last preceding rate quoted shall apply.
