

ELECTRICITY AUTHORITY OF CAMBODIA
ELECTRICITY LAW OF THE KINGDOM OF CAMBODIA

**DISTRIBUTION LICENSE FOR PROVING ELECTRIC POWER
DISTRIBUION SERVICE AT PHUM PHSAR KROM,
SANGKAT STUNG KACH, KHAN SALARKRAO, PAILIN CITY**

M.S.P DEVELOPMENT CO.LTD

MAY 27, 2002

PART I
DECISION TO GRANT THE RIGHT TO PROVIDE
THE ELECTRIC POWER SERVICE

KINGDOM OF CAMBODIA
Nation Religion King



ELECTRICITY AUTHORITY OF CAMBODIA

LICENSE DOCUMENT No. 009 LD

DISTRIBUTION LICENSE FOR M.S.P DEVELOPMENT CO., LTD

ELECTRICITY AUTHORITY OF CAMBODIA

- In exercise of the powers conferred by Article 7 read with Article 29 and 34 of the Electricity Law promulgated by the Royal Decree NS/RKM/0201/03, dated 02/02/2001.
- In accordance with Power Purchase Agreement signed between Department of Industry, Mines and Energy of Pailin City and Provincial Electricity Authority (PEA) No. BOR 14/2544, dated May 18,2001.
- In accordance with Contract on investment for rehabilitation and development the electricity sector signed between Provincial Department of Industry, Mines and M.S.P DEVELOPMENT CO., LTD, dated May 30, 2001.
- In accordance with the application for license of M.S.P DEVELOPMENT CO., LTD No. 028/02 EAC dated March 19, 2002.
- In accordance with the consultation with licensee, concerned parties and public, made from 03 April 2002 to 10 May 2002.
- In accordance with the decision of Electricity Authority of Cambodia's Session No.7, dated May 27, 2002.

DECIDES

Article 1

There is hereby granted the Distribution License to M.S.P DEVELOPMENT CO., LTD (herein after referred to as "Licensee") locates at #104-106 road 128 Sangkat Monorom

Khan 7Makara Phnom Penh City, registered in the Kingdom of Cambodia under No. Co-3682/98P dated November 16, 1997 pursuant to the Commercial and Civil Law for grant of the right of licensee to distribute electricity at Phum Phsar Phum (close to Cambodia-Thai border), Sangkat Stung Kach, Khan Salakrao, Pailin City and to provide bulk sale service to surrounding distribution networks through 22 kV line by purchasing electricity from Thailand under, the Power Purchase Agreement (PPA), No. BOR 14/2544 dated 18 May, 2001, signed between Department of Industry, Mines and Energy of Pailin City (Cambodia) and Provincial Electricity Authority (Thailand), and under the contract of transferring the right of power purchasing from Department of Industry, Mines and Energy of Pailin City to licensee under the contract on investment for rehabilitation and development of the electricity sector in the Pailin City, dated May 30, 2001.

The right to provide the above electric power service shall be in accordance with conditions of license specified in part 2 of this license

Article 2

The Conditions of license referred to above are subject to modification or amendment in accordance with their terms or with Article 7 and 44 of the Electricity Law of Cambodia. This license hereby granted is further subject to the terms of revocation specified in Schedule 2 of Part II of this License.

Article 3

This license commences on the date it is signed and, unless revoked early, the term of the license shall be 5 years and may be renewed for further period on the application of the licensee.

Phnom Penh, May 27, 2002

CHAIRMMAN OF ELECTRICITY AUTHORITY OF CAMBODIA

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CONDITIONS OF LICENSE

1-DEFINITIONS OF TERMS USED IN THE LICENSE

In this or any of the following Parts of this document and in the Schedules below, unless otherwise specified or the context otherwise requires:

- “Audit” means audit on the licensee’s financial statement of financial year by any auditor.
- “Condition” means a Condition set out in this License.
- “Connection charges” means charges made for the carrying out of works and provision and installation of electrical plant, electric lines and auxiliary meters in constructing or modifying entry and exit points on the Licensee’s Distribution System.
- “ Consumer” means a person or his successor, that purchases or receives electricity for consumption and not for delivery or resale to others. **"Small Consumer "** is the domestic consumer or consumer having normal annual consumption of not more than 12,000 kWh. **'Big Consumer "** is the consumer supplied from the Distribution System and having normal

- annual consumption more than 12,000 kWh. **'Bulk Consumer'** is the consumer supplied from the Transmission System.
- “Customer” means any person supplied or requiring to be supplied with electricity at premises within the authorized area.
- “Distribution Business” means the business of the Distribution Licensee or ancillary to:
(a) the distribution of electricity through the Licensee’s Distribution System, including any business in providing connections to such system;
(b) the provision of Metering Services; and
(c) the supply of electricity to consumers.
- “Distribution Code” means the Distribution Code covering all material technical aspects relating to connections to and the operation and use of the Licensee's Distribution System and the operation of electric lines and electrical plant connected to the Distribution System of the Licensee or distribution system of any other person authorized to connect with Licensee system.
- “Distribution License” means the Distribution License granted in Article 1 of Part I.
- “Distribution System” Means all electric lines of the Licensee within the Licensee’s authorized distribution area and any other electric lines which EAC may specify as forming part of the Licensee’s Distribution System, and includes any electrical plant and meters of the Licensee which are used in connection with the distribution of electricity by the Licensee; and, in relation to any other distributor, it shall have the same meaning as it has in the license held by such distributor.
- “Distributor” means any person who holds a Distribution License.
- “EAC” means the Electricity Authority of Cambodia established by the Electricity Law promulgated by Royal Decree No. NS/RKM/0201/03.
- “License Document” means this document comprising Parts I, Part II and Schedules 1 to 3.
- “Licensee” means **M.S.P DEVELOPMENT CO., LTD.**
- “Metering equipment” includes any meter and associated equipment, which materially affects the operation of that meter.
- “Notice” means (unless otherwise specified) notice given in writing or by any other reasonable means.
- “Representation” includes any objection or any other proposal made in writing.

2-GENERAL OBLIGATION OF LICENSEE

Condition 1: Obligation on compliance with the Laws and Sub-Decrees

- 1.The Licensee shall comply with the Electricity Law, other Laws and Sub Decrees relating to the Laws.
- 2.The Licensee is subjected to the environmental obligations as specified in the Law on Environmental Protection promulgated by the Royal Decree NS/RKM/1296/36, dated 24/12/1996 and Other Sub-Decrees on Environmental Protection of the Kingdom of Cambodia

Condition 2: Obligation on compliance with technical standard

1. The Licensee shall comply with the standard relate to technical operation, safety and environment, which is issued and published by Ministry of Industry, Mines and Energy.

Condition 3: Obligation on compliance with EAC's order in issuing rules and regulations for distribution service

1. The Licensee shall comply with the provisions of the Rules and Procedures on the electric distribution service issued by EAC.
2. In specific case and area, EAC may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations under paragraph 1 in respect of such parts of the Rules, Regulations or Procedures and for such areas as specified in those directions.

Condition4: Obligation on compliance with service condition of license

- 1.The Licensee shall comply with the provisions of service Condition stated in this license.

Condition5: Obligation on Financial statement and its electric power service report accordance with EAC's adoption

1. The financial year of the Licensee shall be reckoned every year from 1st January to the following 31st December.
2. The Licensee shall submit to EAC the copy of its audited financial statement not later than six months after the end of financial year to which they relate.
3. The Licensee shall provide, in the manner and form and at time determined by EAC, such information as EAC may require from time to time to monitor the Licensee's compliance with the conditions of this license, provision of the electricity law and any other legislative or regulatory requirements.
4. Without prejudice to the generality of paragraph 3, EAC may require the Licensee to supply information which is more extensive than or differs from that required to be prepared and supplied to EAC.

Condition6: Obligation on payment of license fee

1. From the effective date to end of the term of license, the Licensee shall pay to EAC **“the monthly license fee”** which is calculated according to the rate of license fee and the formula determined by EAC for each financial years pursuant Article 27 of the Law and Article 3 of Sub-Decree of the Royal Government of Cambodia defining the maximum of License fee for the electric power services in the Kingdom of Cambodia.
2. Each invoice of monthly license fee shall be due and payable within 14 days after the day on which Licensee receives it.

3-SERVICE CONDITIONS**Condition 1: Conditions on electric power service area**

1. This license grants the right to licensee to distribute electric power in Phum Phsar Prum (Close to Cambodia-Thai border), Sangkat Stung Ksach, Khan Salakrao, Pailin City, the authorised distribution area clearly indicated the location in schedule 1 of this license (shown in the attached map) and to sale electricity to surrounding distribution networks through 22 kV line.
2. Big consumers and bulk consumers in the distribution area indicated in schedule 1 may have the right to select other supply sources from the transmission line or main distribution network if they obtain prior the approval from EAC.

Condition 2: Conditions on electric power service utilities

1. The licensee shall plan and develop its Distribution System as per standard issued by Ministry of Industry, Mines and Energy. If such a standard is not issued, the licensee shall use such other standard of planning so as to Distribution System security, availability and quality of service as approved by EAC.
2. The Licensee shall expand the distribution network in accordance with its planning which approved by EAC in distribution area to ensure the electricity supply to all consumers in its area.

Condition3: Conditions on distribution system operation

1. The Licensee shall conduct its Supply and Distribution Operation in accordance with standards of performance determined by EAC pursuant to Article 3 and 7(e) of the Electricity Law of the Kingdom of Cambodia.
2. The Licensee shall make sufficient of power sources available for supply to its consumers. Licensee shall ensure the following conditions:
 - (i) Supply will not be discontinued for more than the permissible time approved by EAC; and
 - (ii) The voltage or frequency of electricity will not go beyond the operational limits approved by EAC.
3. The Licensee shall comply with a Distribution Code, when approved by EAC.

Condition 4: Condition on electric power business

1. The Licensee shall operate and manage the Services provided under this License in an efficient, quality and transparent manner in accordance with the requirement of this License and the regulations issued by EAC.
2. Any dispute or difference between Licensee and third party relating to any agreement for purchase of electricity from third party shall be settled according to the provision in that agreement.
3. The Licensee shall not enter into arrangements with third party for purchase of electricity without prior approval of EAC.
4. The Licensee shall not use the assets of this License's business for the purpose other than the business permitted in this document without prior approval of EAC.
5. The Licensee shall not acquire any additional business, including the business of generating, transmitting, distribution or supply of energy, without the prior approval in writing of EAC.

6. The Licensee shall not, at any time, assign his License or transfer his undertaking, or any part thereof, by sale, mortgage, lease, exchange or otherwise, unless specified in PPA and approved by EAC.
7. Any agreement relating to any transaction of the nature described above at paragraph 3, 4, 5 and 6, unless made with the prior written consent of EAC, shall be void and would constitute violation of Conditions of License.
8. Within 6 months after receiving this license, the licensee shall prepare the cost of electricity and request EAC approval on the tariff to implement in its distribution area according to the Electricity Law of the Kingdom of Cambodia. Before EAC's approval on new tariff, the licensee shall use the existing electricity tariff approved by Ministry of Industry, Mines and Energy.

Condition 5: Condition on electric power supply to customer

1. The Licensee shall comply with the EAC's Rule on the conditions of supply of electricity to consumer in Cambodia.
2. In the provision of electricity, the Licensee shall not discriminate between persons or classes of person.
3. The Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:
 - (a) the theft of electricity at the point of supply
 - (b) damage to any electrical plant, electric line or electricity meter through which such premises are supplied; and
 - (c) interference with any electricity meter through which such premises are supplied.
4. The Licensee shall include in the provisions of supply contract with the customer that the customer shall, as soon as is reasonably practicable and possible, inform the Licensee of any incident where it has reason to believe:
 - (a) there has been damage to such electrical plant, electric line or meter; or
 - (b) there has been interference with the meter to alter its register or prevent it from duly registering the quantity of electricity supplied.
5. The Licensee shall prepare and submit to EAC for approval on its procedure for handling complaints from customers.
6. The Licensee shall establish and operate an information service for use by any customer for the purposes of receiving reports and offering information, guidance or advice about any matter or incident in its distribution service.

Condition 6: Conditions on public interest

1. The Licensee shall not dispose of or relinquish operational control over any relevant asset prior to the written consent from EAC. "relevant asset" means any asset for the time being forming part of the Licensee's Distribution System, any control center for use in conjunction therewith and any right, title or interest in land upon which any of the foregoing is situate.
2. The Licensee shall give to EAC written proposal of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as EAC may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.

3. EAC may (following consultation with the Licensee) give consent or refuse consent to this proposal.
4. The Licensee shall consult with appropriate representatives of persons employed by it in order to establish and maintain an appropriate machinery or forum for the joint consideration of matters of mutual concern in respect of the health and safety of such persons.

Condition 7: Communication

1. All communications relating to this License shall be written in Khmer as official.

Condition 8: Sale Condition of distribution facility in case it is the required by EAC

1. Under Electricity Law and Sub-decrees, in the case of revocation of license, EAC can request licensee to sale its facilities to the successor in accordance with financial principle determined by EAC.

Condition 9: Conditions of Connection and Supply to Surrounded Distribution Networks

1. Licensee shall as soon as practicable prepare a statement approved by EAC setting out the tariff schedule for the provision of electricity to surrounding distribution networks and other distributors.
2. Licensee shall prepare and submit to EAC for its approval the Connection and Supply Agreement with other distributors before signing.

SCHEDULE 1
AUTHORIZED DISTRIBUTING AREA

1. The authorized distribution area, where M.S.P DEVELOPMENT CO., LTD has the right to provide the electricity in Phum Phsar Prum (Close to Cambodia-Thai border), Sangkat Stung Khsach, Khan Salakrao, Pailin City.
2. The authorized distribution area is determined by “the boundary map” attached.

SCHEDULE 2
TERM OF LICENSE REVOCATION

1. EAC may at any time consider revocation of any of the licenses granted by this License Document under following circumstance:
 - (a) if the Licensee requests in writing to EAC that that such license may be revoked;
or
 - (b) if any amount payable under Condition 6 of General Obligation of Licensee in relation to such license is unpaid 30 days after it has become due or remains unpaid for a period of 14 days after EAC has given the Licensee notice that the payment is overdue provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable became due;
 - (c) if the Licensee in the opinion of the EAC has committed a material breach of any of the terms and Conditions of such License and does not comply with a final order of EAC to rectify such breach; or
 - (d) if the Licensee in the opinion of the EAC, is not in a position to fully and efficiently discharge the duties and obligations imposed on Licensee by such License; or
 - (e) if in the opinion of EAC the Licensee has committed a willful or unreasonable default to comply with conditions set forth in the rules and regulations adopted by EAC, and the Laws of the Kingdom of Cambodia, including Laws regarding environmental protection, safety, health, taxes, and electric system performance, protection and standards;
2. EAC may at any time give not less than 3 months notice in writing to the Licensee stating the grounds on which any License is proposed to be revoked.
3. EAC may, instead of revoking any License, permit it to remain in force subject to such further terms and conditions as considered fit to impose and any further terms or conditions imposed shall be binding upon and be observed by the Licensee, and be of like force and effect as if they were contained in the License.

SCHEDULE 3
OWNERSHIP OF LICENSE

1. The licensee has the following registered owners of the M.S.P DEVELOPMENT CO., LTD with the 100 shares are:
 - (a) Mr. Khov Sambath: 45 shares from 001 to 045
 - (b) Mrs. Ching Sopheap: 45 shares from 46 to 090
 - (c) Mrs. Lim Chhivhuor: 10 shares from 91 to 100
2. Refer to Article 45 of the Electricity Law of the Kingdom of Cambodia, the above registered owners shall not own shares in or have any other direct financial interests in any other licensee.