



**ELECTRICITY ACT**

**OF**

**BHUTAN**

**YEAR 2001**

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# **THE ELECTRICITY ACT OF BHUTAN, 2001.**

## **Preamble**

The Electricity Act enables the restructuring of the power supply industry and the possible participation of the private sector, by providing mechanisms for licensing and regulating the operations of power companies. The establishment of the Bhutan Electricity Authority as an autonomous body will ensure a transparent regulatory regime; the Authority also has the role of laying down the standards, codes, and specifications of the Electricity Supply Industry. By this means the Electricity Act will define the roles and responsibilities of suppliers and protect the interests of the general public.

Now, therefore, be it enacted by the National Assembly of Bhutan as follows:

## PART 1

### PRELIMINARY

#### **1 Title**

1.1 This Act shall be cited as the Electricity Act of Bhutan, 2001.

#### **2 Purpose**

2.1 The purpose of this Act is to provide for:

- i) the restructuring of the electricity supply industry;
- ii) the establishment of the Bhutan Electricity Authority;
- iii) the technical regulation of the electricity supply industry;
- iv) the private sector participation in the electricity supply industry; and
- v) to empower the Government to participate in the formation of any company for the purpose of carrying out all or any of the purpose of the Act.

#### **3 Objectives**

3.1 The objectives of this Act include, but are not limited to the following:

- i) to promote a safe and reliable supply of electricity throughout the country;
- ii) to enhance revenue generation through export of

- electricity;
- iii) to develop the socio-economic welfare of the people;
  - iv) to promote economic self reliance of the country through the development of a financially viable and reliable electricity industry;
  - v) to promote development of renewable energy resources;
  - vi) to take environmental considerations into account when developing the electricity supply industry; and
  - vii) to promote efficiency in management and service delivery.

#### **4 Commencement**

4.1 This Act shall come into force from such date as the Minister may appoint by notification in a National Newspaper.

#### **5 Application**

5.1 This Act shall extend to the whole of the Kingdom.

#### **6 Definitions**

In this Act unless a contrary intention appears:

6.1 a reference to a Part, Section, or Subsection is a reference to a Part, Section, or Subsection in this Act;

6.2 meanings to words are as follows:

- i) "**Bhutan Electricity Authority**" or "**Authority**" means the authority of that name established pursuant to Part 2;
- ii) "**corporation**" has the same meaning as "body corporate" defined in the Companies Act of the Kingdom of Bhutan, 2000;
- iii) "**distribution**" means the conveyance of electricity through a distribution system and which distributes electricity at voltages below 66 kilovolt or as is deemed by the Authority to be a part of the distribution network;
- iv) "**distribution system**" means a network which is not a transmission system, together with the connection assets association with the network, which is connected to another transmission or distribution system;
- v) "**generation**" means the conversion of another form of energy into electricity;
- vi) "**generation facilities**" means the generating plant and all related equipment essential to the generation of electricity;
- vii) "**Government**" means the Royal Government;
- viii) "**levy**" means an amount to be paid by any person



in respect of electricity supply or usage pursuant to Part 7;

- ix) "**licence**" means a licence issued under the provisions of Part 3;
- x) "**Licensee**" means any person issued with a licence pursuant to Part 3;
- xi) "**Minister**" means the Minister who is the Head of the Ministry;
- xii) "**Ministry**" means the Ministry, which is assigned the responsibility of the electricity sector;
- xiii) "**network**" means apparatus, equipment, plant and infrastructures used to convey and control the conveyance of electricity to customers;
- xiv) "**person**" includes any individual, firm, company, association, partnership or body of persons, whether incorporated or not;
- xv) "**power supply**" means the supply of electricity by way of the power system in accordance with system security;
- xvi) "**power system**" means the total system relating to power supply including associated generation, transmission and distribution network;
- xvii) "**private participant**" means any person from the private sector in electricity business either for bulk supply or retail sale under certain conditions;
- xviii) "**sale**" means the sale of electricity to a customer or for resale to third parties;

- xix) "**supply**" means the generation, transmission or distribution of electricity by way of the generation, transmission or distribution system, respectively;
- xx) "**system security**" means the operation and control of the power system to maintain a safe and reliable supply of electricity;
- xxi) "**transmission**" means activities pertaining to a transmission system including the conveyance of electricity at voltages above 66 kilovolt or as is deemed by the Authority to be a part of the transmission network; and
- xxii) "**transmission System**" means a network operating at nominal voltages of 66 kilovolt and above or as is deemed by the Authority to be a part of the transmission network.

6.3 Words importing the masculine gender also include the feminine gender.

6.4 Words importing the singular number also include the plural number and vice versa.

## **PART 2**

### **BHUTAN ELECTRICITY AUTHORITY**

#### **7 Establishment of the Bhutan Electricity Authority**

7.1 There is hereby established the Bhutan Electricity Authority.

7.2 The Authority:

- i) is a body corporate with perpetual succession;
- ii) shall have an official seal and such seal may be changed, altered and made anew as the Board deems fit;
- iii) may sue and be sued in its own name;
- iv) may acquire, hold and dispose of real and personal property; and
- v) may do and suffer all acts and things that a body corporate may do and suffer by law.

7.3 The Authority shall have the functions and duties, which are conferred and imposed on it by virtue of this Act.

#### **8 Authority**

8.1 The Authority shall consist of:

- i) a Chairman;

- ii) not less than three members; and
- iii) a Chief Executive Officer of the Authority

all of whom shall be appointed by the Minister on such terms and conditions as he may determine for a period not exceeding five years.

- 8.2 No member of the Authority appointed by the Minister shall be eligible to serve more than two consecutive terms as chairperson or ordinary member of the Authority;
- 8.3 The Minister may appoint any member of the Authority to be the Deputy Chairman of the Authority, and if for any reason the Chairman is unable to act, or the office of Chairman is vacant, the deputy Chairman may exercise all or any of the functions conferred, or the duties imposed, on the Chairman.
- 8.4 The Minister may appoint any person to be a temporary member of the Authority during the incapacity owing to illness or otherwise of any member of the Authority.
- 8.5 Where it appears to the Minister to be necessary in the interests of the efficient performance of the functions and duties of the Authority, he may revoke any appointment.
- 8.6 A member of the Authority may resign his seat at any time

by giving one month's notice in writing to the Minister.

8.7 The seat of a member shall become vacant.

- i) on his death;
- ii) if he, without sufficient cause, which is to be decided by the Authority, fails to attend three consecutive meetings of the Authority;
- iii) if he becomes in any manner disqualified for membership of the Authority, including if he breaches the code of conduct;
- iv) if he is an undischarged insolvent; or
- v) if he resigns his seat.

8.8 If a vacancy occurs in the membership of the Authority, the Minister may appoint a person to fill the vacancy, and any person so appointed shall hold office for so long as the member in whose place he is appointed would have held office.

## **9 Secretariat**

9.1 The Authority shall have a secretariat headed by a Chief Executive Officer.

9.2 The Chief Executive Officer shall:

- i) be *ex-officio* secretary of the Authority;

- ii) carry out such functions as the Authority or the Chairman may assign to him;
- iii) record and keep the minutes of all proceedings of the Authority and other records of the Authority;
- iv) have custody of the seal of the Authority; and
- v) in the performance of his duties, be responsible to the Chairman.

9.3 The Chief Executive Officer may appoint staff as he may think fit, subject to the approval of the Authority as to the numbers and terms and conditions of service.

## **10 Meeting, quorum and decisions of the Authority**

10.1 The Authority shall meet for the discharge of business at least four times in a year or upon a request in writing to the members by the Chairman.

10.2 The Authority shall meet at such time and place as the Chairman may appoint.

10.3 The Chairman may also call a special meeting of the Authority.

10.4 A meeting of the Authority shall be convened by a notice to each member issued and signed by the Secretary at least fourteen days before the meeting, except that a

shorter notice may be given for a special meeting.

- 10.5 The quorum at a meeting of the Authority shall be a simple majority.
- 10.6 The decisions of the Authority shall be made by a majority vote of the members present and voting.
- 10.7 Each member shall have one vote, and the Chairman shall have a casting vote in the event of a tie.
- 10.8 The Secretary shall cause to be recorded and kept, minutes of all meetings of the Authority in a form approved by the Authority.
- 10.9 The minutes recorded under subsection 10.8 shall be submitted to the Authority for confirmation to which the minutes relate and when so confirmed, shall be signed by the Chairman and the Secretary.
- 10.10 Subject to subsection 10.11, a decision of the Authority may be made by circulation of the relevant papers among members of the Authority and the expression of their views in writing; except that any member is entitled to require that the decision be deferred until the subject-matter has been considered at a meeting of the Authority.

10.11A decision made by circulation of papers under subsection 10.10 is not valid unless it is supported by majority members of the Authority.

10.12The validity of any proceeding of the Authority shall not be affected by any vacancy among its members or by any defect in the appointment of any of them.

10.13A member of the Authority who is in any way directly or indirectly interested in a matter being considered at a meeting of the Authority or in which his spouse is interested in a private capacity, shall, as soon as practicable after the commencement of the meeting disclose the nature of his interest to the meeting.

10.14A member making a disclosure under subsection 10.13 shall not take part in any consideration or discussion of, or vote on any question relating to the matter.

10.15A disclosure of interest made under subsection 10.14 shall be recorded in the minutes of the meeting at which it is made.

10.16A notice or other document may be served on the Authority by delivering it to the office of the Secretary or by sending it by prepaid registered post addressed to the Secretary.



10.17 Except as otherwise provided under this Act, the Authority may regulate its own procedure.

## **11 Functions of the Authority**

11.1 Functions of the Authority are:

- i) to develop regulations, standards, codes, principles and procedures, which include, but are not limited to the following;
  - a. performance standards, including minimum technical and safety requirements for construction, operation and maintenance of generation, transmission and distribution facilities;
  - b. tariff-setting, including tariffs for generation not regulated by power purchase agreement, transmission, distribution and retail sale. These regulations should also comprise terms and conditions for connection fees and investment contribution from customers, and for provision of access to the transmission grid and distribution networks;
  - c. subsidies to entities carrying out non-economic viable electricity supply based on the policies and planning executed by the

Minister;

- d. requirements for Licensees' reporting, accounting and issuance of information to the Authority;
  - e. system operation, including dispatch of generation; and
  - f. levies, charges or royalties to be paid by Licensees.
- 
- ii) to process applications and issue, modify and revoke licences for generation, transmission, system operation, export, import, distribution and sale of electricity;
  - iii) to monitor the performance of Licensees and their compliance with provision of this Act, regulations, standards, codes, licences and contracts approved by the Authority and concession agreements entered into between the Minister and Licensees;
  - iv) to determine, or approve tariffs proposed by the Licensees, and review existing tariffs;
  - v) to prescribe and collect fees, charges or royalties from Licensees;
  - vi) to impose any fines, sanctions or penalties for any breach of provisions of this Act, regulations, standards, codes, licences or contracts to be approved by the Authority, and concession agreements entered into between Licensees and

the Government;

- vii) to establish a dispute resolution process and settle disputes between Licensees and between Licensees and customers relating to the enforcement of this Act, regulations, codes, standards and licences issued under this Act, contracts approved by the Authority and concession agreements entered into between the Minister and Licensees, or otherwise any other arrangement for settlement of disputes which are not determined by the mentioned legal instruments; and
- viii) any other duties or responsibilities delegated by the Minister.

11.2 The Authority shall, in the performance of his functions:

- i) ensure the reliability, quality, security and efficiency of electricity supply;
- ii) encourage competition in electricity generation, transmission and supply;
- iii) ensure non-discriminatory access to the transmission and distribution system;
- iv) ensure a fair balance of the interests of the public, customers and participants in the electricity sector;
- v) facilitate the development of generation, transmission and distribution of electricity throughout the country; and
- vi) ensure the protection of the natural resources, the

environment and other public interests affected by the development of electricity supply.

## **12 Code of conduct**

12.1 The Authority shall perform his functions in a manner that:

- i) is transparent and objective;
- ii) is fair, reasonable and efficient;
- iii) is non-discriminatory; and
- iv) promotes fair competition.

## **13 Finance**

13.1 The activities of the Authority shall be funded from:

- i) levies, fees and other charges payable to the Authority in his performance of functions under this Act, including but not limited to licence fees; and
- ii) budgetary support from the Government.

## **14 Tariff regulation**

14.1 The Authority may regulate:

- i) tariffs for the sale of electricity to customers by Licensees;
- ii) charges for connection to, and the use of any distribution system;
- iii) charges for connection to, and the use of any transmission system;

- iv) tariffs for generation not regulated by power purchase agreement; and
- v) other such prices and charges in respect of goods and services provided by Licensees.

in accordance with the following principles:

- a. fairness to both service customers and service providers;
- b. there shall be no unjust discrimination against service customers or those who wish to use the services;
- c. the tariffs should reflect the actual cost of efficient business operation;
- d. guidelines on the tariffs determination must be conducive to efficiency improvement in the business operation;
- e. the tariffs should be at the levels enhancing efficient and adequate energy supply to satisfy the domestic demand;
- f. there must be a public announcement and dissemination of the accountable and transparent tariffs; and
- g. the calculation from which the tariffs are derived must be explicit and made publicly available, promptly upon any determination thereof by the Authority.

14.2 The manner of such price regulation by the Authority may include:

- i) fixing the price or the rate of increase or decrease in price for transmission, distribution and retail charges;
- ii) fixing a maximum price or maximum rate of increase or decrease in maximum price for transmission, distribution and retail charges;
- iii) fixing an average price for transmission, distribution and retail charges;
- iv) specifying the cost of production and a rate of return on assets employed in production; and
- v) fixing a maximum revenue for transmission, distribution and generation companies.

## **15 Advisory bodies**

15.1 The Authority may establish such advisory bodies as he thinks fit consisting in each case of members as he may from time to time appoint.

15.2 It shall be the duty of an advisory body, established under subsection 15.1 to advise the Authority on any matter:

- i) in respect of which any of the Authority's functions are exercisable; and
- ii) which is referred to it by the Authority,

each advisory body established pursuant to subsection 15.1 shall report as required to the Authority on the activities, the advisory body has undertaken.

## **16 Separation of regulatory and operational activities**

16.1 Regulation of the power sector shall be carried out independently of the operation of the power sector and the provision of services related to the power system and power supply.

## **17 Powers and function of the Minister**

17.1 The powers and function of the Minister under this Act are:

- i) to determine general policies, targets and strategies of the electricity industry operation;
- ii) to approve power system expansion plans;
- iii) to set general policies on tariff determination and service provision of Licensee;
- iv) to provide the policy on customer service standards and Licensee standards;
- v) to set the policy encouraging energy service extensions and providing electricity services for the underprivileged;
- vi) to approve the licence fee and the fee for the Licensee;

- vii) to approve the operational plan and the budget of the Authority;
- viii) to provide the policy on the protection against and solution to energy shortage;
- ix) to approve the rules and codes of conduct of the Authority;
- x) to provide policy in respect of private participation;
- xi) to grant Licensees permissions for compulsory acquisition of ownership or rights to land and water necessary for implementation and operation of licensed activities; and
- xii) to perform other duties as stipulated under this Act.



## **PART 3**

### **LICENCES**

#### **18 Duty to obtain a licence**

18.1 No person or entity shall engage in, construction, generation, transmission, system operation, distribution, sale, export or import of electricity without a licence issued under this Act.

#### **19 Exemptions**

19.1 The Authority may exempt any person from the requirement to obtain a licence under section 18 where such exemption may include, but is not limited to, the generation of electricity below 500 kilowatt.

19.2 An exemption may be of general or specific application.

19.3 An exemption is subject to such terms, conditions and limitations as are specified by the Authority.

#### **20 Notice of intended application**

20.1 A person or entity that intends to establish a project or operation for which a licence is required under this Act

shall notify the Authority of the intended project or operation.

20.2 Notice given under subsection 20.1, shall as far as possible contain the same information as described under section 22 relating to applications, which is available at the time of issuance of the notice.

## **21 Permit to survey**

21.1 Based on a notice received, the Authority may issue a permit allowing the intended applicant to carry out assessments, studies and any other activity that may be necessary to enable the intended applicant to prepare an application for a licence.

## **22 Application for licence**

22.1 A corporation may apply to the Authority for the issue of a licence authorizing one or more of the following activities as are specified in the licence:

- i) to generate electricity;
- ii) to transmit electricity;
- iii) to bulk supply;
- iv) to distribute electricity;
- v) to supply electricity;
- vi) to trade in electricity; and

vii) to acquire a licence from another party.

22.2 An application for a licence must be submitted to the Authority in the prescribed form supplied by the Authority and accompanied by the following documents:

- i) the legal and financial status of the applicant;
- ii) a technical and economic description of the project;
- iii) a description of how the project fits in with the existing and planned electricity supply system;
- iv) the planned time of commencement and completion of the construction of the project;
- v) a view of the project's adaptation to the landscape, including necessary maps and drawing;
- vi) the impact of the project on public interests and possible mitigation;
- vii) a summary and conclusions of assessments and studies, including environmental impact assessment;
- viii) impacts of the project on private interests, including the interest of affected landowners and holders of other rights;
- ix) proposed tariff calculation;
- x) consents and permit required under any other law; and
- xi) any other documents required by the Authority.

22.3 An application shall be accompanied by the complete prepared reports relating to the assessments and studies carried out.

22.4 The Authority may specify the requirements of an application described under subsection 22.1, 22.2 and 22.3 according to the type and extent of impacts of the project or operation applied for.

22.5 An application shall be accompanied by the prescribed application fee as publicly announced by the Authority from time to time.

22.6 The Authority shall as soon as possible after receipt of an application either request additional information or confirm in writing to the applicant, that the application is complete in all aspects.

## **23 Advertisement of applications**

23.1 The Authority shall, within a reasonable time after confirming that the application is complete in all aspects cause a notice of the application to be published in at least one national newspaper of wide circulation.

23.2 A notice published under subsection 23.1 shall:

- i) indicate the receipt of an application for a licence;

- ii) contain a description of the nature and location of the project applied for;
- iii) inform the members of the public that the application may, within the limits of commercial confidentiality, be inspected at the office of the Authority or at a public office in the area where the project applied for is supposed to be located; and
- iv) invite directly affected parties and local authorities in areas affected by the project who object to granting of the licence, whether on personal, environmental or other grounds, to lodge with the Authority an objection within a specified time, being not less than thirty days from the date of the notice.

## **24 Objection to grant of a licence**

24.1 An affected party may lodge with the Authority an objection to the grant of a licence, setting out the grounds of the objection.

## **25 Factors to be considered for an application**

25.1 When granting or rejecting applications, the Authority shall take into consideration, as far as adequate for the project applied for:

- i) the needs for electricity, or revenues for export of electricity, of the country, region or community;

- ii) the impact of the operation of the undertaking on the social, cultural and recreational life of the community;
- iii) the needs to protect the environment and to conserve the natural resources;
- iv) land use and siting or route of the project;
- v) the costs of the project;
- vi) the ability of the applicant to operate in a manner designed to protect the health and safety of users of the service for which the licence is required and other members of the public who would be affected by the operations of the applicant;
- vii) the technical, economic and financial capacity of the applicant to render the service for which the licence is required;
- viii) energy efficiency;
- ix) any representations and objections made under section 24;
- x) the price or tariff offered; and
- xi) other public and private interests affected by the operation for which the licence is required.

25.2 Notwithstanding subsection 25.1 the Authority shall when granting or rejecting an application, take into consideration the policies of the Government and any other matter that may be considered likely to have a bearing on the operations of the applicant.

## **26 Statement of reasons for a decision**

26.1 The Authority shall after having decided whether to grant or reject an application for a licence, produce a statement of reasons within thirty days after making the decision.

26.2 The statement shall be issued to the applicant, and it shall be made available to interested parties on request.

## **27 Other Licences**

27.1 Nothing in this Act shall prevent the holder of a licence who has fulfilled all the necessary obligations, from applying for and obtaining any other licence under this Act. The Authority shall take into consideration whether the grant of an additional licence will promote efficiency and fair competition in its review of the application.

## **28 Authority may order compliance**

28.1 Where the Authority is of the opinion that a Licensee is in contravention of a condition of a licence or a requirement under this Act, or regulations, codes or standards made under this Act, it shall direct the Licensee to comply with that condition or requirement.

28.2 A notice containing the direction to comply under subsection 28.1 shall be sent to the Licensee at his registered address and other directly affected parties and shall:

- i) contain the relevant licence condition or requirement of legislation to which the breach is related;
- ii) contain the acts, omissions or other facts that which, in the opinion of the Authority, constitute a contravention of the condition or requirement;
- iii) specify a reasonable period within which the Licensee must rectify the breach or contravention; and
- iv) specify the period, not being less than twenty days from the date of receiving this notice, within which representations or objections may be made by the Licensee or directly affected parties.

28.3 All representations and objections received shall be considered before the Authority notifies the Licensee and the directly affected parties of its decision.

28.4 Where the Authority, following consultation with the relevant Licensee and directly affected parties, is satisfied that the Licensee is contravening or likely to contravene a condition of a licence or any requirement under this Act, regulations, codes or standards made under this Act, and



where the Authority is satisfied that immediate action is necessary:

- i) to protect public health, safety, the environment; or
- ii) to prevent the dissipation of property or assets,

it may direct the Licensee to take immediate action to discontinue or refrain from the practice.

28.5 Where the Licensee does not take action under subsection 28.4, the Authority may take action on behalf of the Licensee at the costs of the Licensee.

## **29 Modification of a licence**

29.1 The Authority, may modify the terms and conditions of a licence:

- i) in accordance with the procedures specified in the licence conditions;
- ii) by agreement between the Authority and the Licensee; or
- iii) in accordance with the conditions of subsection 29.2 the procedures described in subsection 29.3.

29.2 The Authority may only modify the terms and conditions of a licence if the benefits of such modification for public interests significantly exceed the disadvantages of the Licensee.

29.3 The Authority shall before making modifications under subsection 29.2, give notice to the Licensee and other directly affected parties:

- i) stating that it intends to make modifications and setting out their effect;
- ii) stating the reasons for the modifications and why it is of the opinion that the grounds for modifications under subsection 29.2 are fulfilled; and
- iii) specifying the period within which representations or objections with respect to the intended modifications may be made and such period shall not be less than thirty days from the date of issue of notice.

29.4 The Authority shall take into account all representations and objections before notifying the Licensee and other directly affected parties of his decision.

29.5 The Licensee shall be compensated for financial losses as a result of modifications as laid down in the licence conditions.

### **30 Licensee's application for modification**

30.1 Where, in the opinion of a Licensee, conditions of his licence have become unduly onerous and are impacting

on his ability to fulfil his obligations under the licence, he may apply to the Authority in writing requesting that the licence be modified, setting out:

- i) the conditions of the licence which he request to be modified;
- ii) the reason why these conditions have become unduly onerous;
- iii) the proposed modifications; and
- iv) any other evidence in support of the application.

30.2 The Authority shall submit a notice to parties affected by the modification enclosing a copy of the Licensee's application under subsection 30.1, specifying the period within which representations or objections with respect to the intended modifications may be made and such period shall not be less than thirty days from the date of issue of notice.

30.3 If the requested modifications are to the disadvantage of public or other affected privates interest, the Authority may not modify a licence under this section, unless such modification is in the overall national interest.

30.4 The Authority shall take all representations and objections into account before notifying the Licensee and the affected parties of his decision.

## **31 Duration of a licence**

31.1 Subject to any current provision of this Act, a licence shall remain in force for the period specified in it, but shall not in any case exceed thirty years.

31.2 A Licensee may within three years before the expiry of a licence, apply for a renewal of the licence.

31.3 A licence may be renewed on such terms and conditions as determined by the Authority.

## **32 Transfer of a licence**

32.1 A licence shall not be transferred without the written consent of the Authority.

32.2 A Licensee may apply to the Authority for the transfer of a licence.

32.3 An application under subsection 32.2 shall be accompanied by the application by the person to whom the Licensee intends to transfer the licence, and the prescribed transfer fee shall be paid as determined by the Authority.

32.4 The Authority shall satisfy itself of the legal, technical and financial competence of the transferee.

32.5 In this section “transfer of a licence” includes the acquisition of control by the licence holder, and “control” as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of management of that person, whether through the ownership of shares, voting, securities, partnership or other ownership interests, agreements or otherwise. The Authority shall not unreasonably withhold the consent to any application to transfer unless it has reason to believe that the public interest is likely to be prejudiced by the transfer.

### **33 Performance of activities**

33.1 A Licensee shall carry out the licensed activities in accordance with the licence, this Act and regulations, standards and codes.

### **34 Licence conditions**

34.1 The Authority may impose licence conditions relevant for the current activities not conflicting with this Act, or regulations, standards and codes.

34.2 The Authority may revoke a licence where he is satisfied that the Licensee is not operating in accordance with the terms and conditions of the licence or provisions of this Act or any regulations, codes or standards made under this Act if the breach;

- i) inflicts significant damage on public or private interest affected by the breach;
- ii) lasts for a considerable period of time;
- iii) takes place repeatedly; or
- iv) causes the Authority to have strong reasons to believe that the Licensee may not be able to fulfill his or her obligations under the licence or this Act.

34.3 The Authority shall give Licensee forty five days notice to show cause why the licence should not be revoked.

34.4 A notice under subsection 34.3 shall set out;

- i) the relevant condition of the licence or the requirement of legislation to which the breach is related;
- ii) the acts, omissions or other facts which, in the Authority's opinion constitute a contravention of the condition or legislation, and the reasons why the Authority is of the opinion that any of the circumstances mentioned under subsection 34.2; and

iii) the period not being less than twenty eight days from the date of issuing of the notice within which representations or objections may be made by the Licensee.

34.5 A decision made by the Authority to revoke licence after considering all representations and objections received under this Act and other relevant factors may be appealed by the holder of the revoked licence to the Court of Law within thirty days after receipt of the decisions of the Authority.

34.6 Where a licence is revoked, the Authority shall take such action as is necessary to ensure that the supply of service to consumers is not unduly interrupted as a result of revocation.

## **35 Records and reports**

35.1 A Licensee shall keep records and prepare reports relating to the Licensee's operations.

35.2 The Authority shall make regulations specifying the requirements for records and reports required under subsection 35.1.

35.3 A Licensee shall, at the request of the Authority and at the cost of the Licensee, provide all relevant available information about the technical, financial, hydrological or environmental issues and any other relevant information relating to the operations of the Licensee. The Authority shall make such request only as are required to perform his functions under the Act.

35.4 A Licensee shall keep accounts according to regulations of the Authority.

35.5 The Authority shall require Licensees undertaking more than one licensed operation to keep separate accounts for each operation.

## **36 Removal of installations**

36.1 The Licensee shall, on the expiry of the licence, remove on his expense and to the satisfaction of the Authority, all installations considered by the Authority as inappropriate for further operation based on the objectives of the Authority.

## **37 Reversion of hydropower plants**

37.1 On the expiry of a licence for a hydropower plant, the ownership of the plant including all existing installations,



property and rights needed for power generation shall be transferred to the Government without any compensation to the Licensee.

37.2 The power plant and installations transferred under subsection 37.1 shall be operational and well maintained at the time of transfer.

37.3 After transfer of ownership under subsection 37.1, the power plant, including all installations, property and rights required for power generation shall be dealt with by the Government in any manner it deems appropriate.

### **38 Transmission licence**

38.1 A holder of a transmission licence shall provide access to all existing and potential users of the transmission grid on the payment of fees and other charges for grid services as may be approved by the Authority.

38.2 Transmission Licensee shall provide the Authority with such information as the Authority may prescribe to enable the Authority to approve the fees and charges under subsection 38.1

## **39 System operator**

39.1 The Authority may designate a person to be a system operator, and licence the person:

- i) to co-ordinate the power supply system to obtain instantaneous balance between generation and consumption of electricity;
- ii) to be responsible for dispatching generation installations;
- iii) to co-ordinate transmission outages;
- iv) to monitor the import and export of electricity;
- v) to prepare forecasts of generation requirements;
- vi) to prepare regulations, with the approval of the Authority, for the dispatch of generation installations; and
- vii) to perform such other functions as may be prescribed by the Authority in the licence or by regulations.

39.2 The system operator shall not, in the performance of its functions, show undue preferences or discriminate against any person.

39.3 The system operator may recover all reasonable costs incurred in the performance of his functions.

39.4 All Licensees shall comply with the decisions of the system operator in connection with the execution of his functions under this Act or regulations.

#### **40 Bulk supplier**

40.1 The Authority shall designate a bulk supplier who will be responsible for the wholesale supply, including import and export, of electricity.

40.2 The terms and operating conditions of the bulk supplier shall be specified in its sale licence or prescribed by regulations.

#### **41 Distribution licence**

41.1 The area of the Licensee's distribution of electricity shall be defined in the licence.

41.2 A holder of a distribution licence shall provide access to all existing and potential users of the distribution network on the payment of tariffs, terms and conditions for network services as may be approved by the Authority.

41.3 A Licensee shall provide the Authority with such information as the Authority may prescribe to enable the

Authority to approve the tariffs, fees and charges under subsection 41.2.

41.4 A Licensee shall give a notice specifying the tariffs, terms and conditions for supply of electricity. The tariffs, terms and conditions of which notice has been given by distribution Licensee shall have affect as specified in the notice which shall be announced through the national newspaper shall be binding on the Licensee and the customers to which they apply.

41.5 The quality of distribution services shall be in accordance with standards prescribed by the Authority.

## **42 Supply of electricity**

42.1 A Licensee shall, upon being required to do so by the owner or occupier of any premises, supply electricity to those premises, and as far as may be necessary for that purpose, provide supply lines or any electrical installation or equipment.

42.2 Where a person requires supply of electricity under subsection 42.1, he shall give to the Licensee a notice specifying his requirements of electricity supply.

42.3 Where a Licensee receives from any person a notice under subsection 42.2 requiring the Licensee to supply electricity to any premises, the Licensee shall as soon as practicable after receiving the notice, give to that person a notice specifying all terms and conditions relevant for the electricity supply.

42.4 Where a Licensee defaults in supplying electricity to a customer to whom the Licensee is required to supply, the customer may appeal to the Authority. The Authority may take such actions as are permitted under this Act or prescribed by regulations.

### **43 Rights and duties of customer**

43.1 A customer shall comply with safety regulations made by the Authority.

43.2 A customer who fails to comply with regulation made under subsection 43.1 commits an offence.

43.3 Where a Licensee defaults in supplying electricity to a customer to whom the Licensee is required to give a supply of electricity, the customer may appeal to the Authority.

43.4 Notwithstanding subsection 43.3, a Licensee may interrupt the supply of electricity to a customer for such periods as may be necessary for carrying out inspections, tests, repairs, alterations, reconstruction or making of new connections, and the Licensee shall, except in the case of emergency, give prior notice by advertisement in the national newspaper or other media appropriate to reach the customers or by writing a notice to a customer whose supply it intends to interrupt and who may reasonably be expected to require a supply during the period of interruption.

43.5 Where damage or loss is caused to the customer by the negligence of the Licensee in the course of its operations, the customer is entitled to prompt payment of fair and adequate compensation by the Licensee for damage or loss sustained as a result of the course of its operations.

43.6 Compensation shall not be paid under subsection 43.5 unless a written claim for compensation has been lodged with the Licensee within six months after either customer learning of the act giving rise to claim, or the completion of any works in respect of which compensation is sought whichever is later.

43.7 A dispute as to the liability of the Licensee to pay compensation under subsection 43.5 or the amount of that compensation shall be determined by the Authority.

#### **44 Licensee's fees**

44.1 Where a supply line or electrical installations or equipment is provided to a customer by a Licensee, the licensee may require the customer to pay connection fees or other charges as an investment contribution as may be approved by the Authority.

#### **45 Security**

45.1 A Licensee may require a person who requires supply of electricity under section 42 to give the Licensee reasonable security for all monies that become due to the Licensee in respect of the electricity supply.

45.2 Where a person fails to give security required under subsection 45.1, the Licensee may refuse to give the supply or install required installations or equipment until the security has been given.

#### **46 Reduction of supply**

46.1 A Licensee may without incurring any liability, for so doing, reduce as he thinks fit the quantity of electricity

supplied, if at any time he is of the opinion that his supply of electricity is insufficient for the purpose of normal supply to his customers.

46.2 A Licensee may in cases of emergency, repairs to main or in connection with construction of new works, alteration to existing works or the installation, changing or removal of meters, stop or redirect in part or whole, the electricity under its control or management, notwithstanding any agreement made with any person for the supply of electricity.

## **47 Disconnection of supply**

47.1 Where a customer fails to pay for the electricity supply in due time, or fulfil other obligations towards the Licensee, the Licensee may disconnect that customer according to procedures prescribed by the Authority.

47.2 Where a customer is found indulging in unauthorized tapping of electricity or supplying electricity shall without prejudice to his other rights, cause the supply of electricity to such customer to be disconnected without prior notice. The customer however shall have the right to appeal such action to the Authority.



47.3 The Licensee however shall notify the customer in writing of his action under subsection 47.2.

## **PART 4**

### **PRIVATE PARTICIPATION**

#### **48 Private participants**

48.1 Private participants in the electricity supply industry must be licensed as prescribed under Part 3.

#### **49 Principles governing the participation of private parties**

49.1 In the event, the Government decides for private participation in the electricity industry, the Authority shall prepare and promulgate regulations in relation to the establishment, ownership, operations and activities of private participants. These regulations and the Government's policy shall comply with the following principles:

- i) the energy policy of the Government shall be clear and published;
- ii) the regulations prepared and promulgated by the Authority shall be clear, consistent and published;
- iii) the regulations shall be consistently and transparently applied;
- iv) solicitation of, and bids for, construction of electricity supply facilities by private parties are competitively sourced and contested in accordance with a

published timetable and shall be reviewed independently;

- v) information shall be made available to bidders in relation to preferred sites and technical parameters; and
- vi) clear mechanisms for currency convertibility and remittances shall be prepared and published.

49.2 The bidding procedures shall be managed by the Authority, which shall give his recommendations to the Minister for final decision regarding the selection of the successful bidder.

49.3 With respect to any unsolicited bids that the Authority may receive, the Authority will deal with these in a manner consistent, where relevant, with the principles set out in subsection 49.1.

## **PART 5**

### **POWER TO ACQUIRE LAND AND WATER**

**50** In this Part to the extent there is a conflict between this Act and the Forest and Nature Conservation Act of Bhutan, the Forest and Nature conservation Act prevails to the extent of the inconsistency.

#### **51 Rights to acquire land**

51.1 Where any land under private ownership is required to be acquired for setting up a project under licence pursuant to Part 3, the land may be acquired under the prevailing Land Act on approval of the Minister and such acquisition shall be deemed for a public or national purpose.

51.2 Where the Minister is satisfied that the land under subsection 51.1 is required for the purpose of providing or maintaining electricity supply services to the public, and that it is required in the public or national interest, regardless of whether the Licensee is a public or private entity, the Minister shall pursue the acquisition of the land on behalf of the Licensee in accordance with the Land Act.

51.3 A Licensee may submit an application to the Minister for acquisition of any land required for a project.

51.4 A Licensee shall make all efforts to enter into voluntary agreement with the affected landholder for purchase of land prior to submitting an application to the Minister for acquisition.

51.5 Once a right of way has been granted to a Licensee by the Authority, no person shall build any structures or do any activity on land within the proximity of the area covered under the right of way without the prior approval of the Authority.

51.6 When considering the acquisition of land and water and seeking the right of way, the Minister shall give due consideration to antecedent rights over land and water and shall insofar as practicable and in the general interest of the affected persons see that private and public property and life are not placed in jeopardy.

## **52 Right over public, private and government land and premises**

52.1 A Licensee has the right over private, public and government land and premises:

- i) to enter upon any lands and sinks bores and make surveys and do any other acts or things necessary for sinking bores or making surveys;
- ii) to draw, erect and maintain power lines and clearances on either side;
- iii) to enter with any equipment or devices, receive, store, transmit, or supply electricity, water, on, near or under, any land and may enter any land and fell or remove any tree or part of a tree or any obstruction which in the opinion of the Licensee is necessary to fell or remove;
- iv) to divert any waterway, lake, swamp or marsh, or alter the bed, course or channel of any waterway;
- v) to enter upon any public or private land or roads and construct any works or place on under or over any such land or road any structure or equipment and may repair, alter or remove any such structure or equipment or any works under its control; and
- vi) to do all other things necessary for constructing, maintaining, altering, or using any works or undertakings of, or under the control of, the Licensee,

for the purpose of this Act.

52.2 In the exercise of the rights under subsection 52.1 a Licensee shall observe the environmental guideline or

regulation in force and must do as little damage as possible and must, if required, make full compensation to the owner of the land for any loss of income derived from such land or damage caused to the land in consequence of the exercise of the rights.

52.3 Compensation under subsection 52.2 shall be applicable as per the prevailing rates notified by the Government.

52.4 A Licensee may exercise its power under this section by its officers or employees or by any other person authorized in writing by it or the officers or employees of any such person.

52.5 A Licensee shall, except for the maintenance or repair of an electric supply line, before entering any private land for the purposes specified in 52.1, give sixty days notice to the owner of the land, stating as fully and accurately as possible the nature and extent of the acts intended to be done.

52.6 The owner of the land for the purposes specified in 52.1 may, within thirty days after the receipt of the notice under 52.5, lodge a written objection with the Authority and the Authority shall specify a date to inquire into the objection.

## **53 Water rights**

53.1 The Minister may, on the submission of any licensed generator, declare any lake, river or waterway or any part thereof to be the source of water for the purposes of the licensed generator as stipulated in the terms and conditions of his licence and, in making the declaration, the Minister may impose such conditions and restrictions as he deems fit.

53.2 Notwithstanding anything contained in any written law, no person shall dam or otherwise interfere with any such source of water without first serving on the licensed generator either personally or by the registered post giving three months notice, in such form as may be prescribed, specifying the work he proposes to undertake.

53.3 At any time before the expiry of the time specified in the notice the licensed generator may, if he considers that the work referred to in subsection 53.2 will materially affect his functions, by notice in writing served on the person, either personally or by registered post:

- i) prohibit the person from proceeding with the work;  
or
- ii) attach conditions to the undertaking of the work by the person.



53.4 Any person dissatisfied with the action taken by the licensed generator under subsection 53.3 may appeal to the Minister whose decision shall be final.

53.5 Any person who:

- i) dams or otherwise interferes with any source of water declared under subsection 53.1 without serving the notice required by subsection 53.2;
- ii) undertakes any work prohibited under this section; and
- iii) fails to comply with any conditions imposed under this section,

shall be liable to pay a fine as determined by the Authority.

53.6 Notwithstanding any declaration made under subsection 53.1, nothing in this section shall affect any licence granted not less than thirty years before the date of the declaration under any written law to divert water from any lake, river or waterway, for the purpose of an installation, the holder of which has not, in the opinion of the Minister, made reasonable use, for the purposes of the installation, of the rights arising out of the licence in connection with any lake, river, waterway or part thereof declared to be source of water.

53.7 Royalty on use of water and land resources may be determined by the Authority.

## **PART 6**

### **CONTINGENCY PROVISIONS**

#### **54 Application of contingency provisions**

54.1 If it appears to the Minister that:

- i) an event has occurred, or is about to occur, which may materially endanger an undertaking of a distribution company, a transmission company or a generation company, including a person who supplies electricity to another person or materially affect the safe, economical or effective supply of electricity;
- ii) the available supply of electricity is, or is likely to become less than is sufficient for the reasonable requirements of the community;

the Minister may with the approval of the Cabinet introduce certain contingency provisions which in his opinion are necessary to safeguard the generation, transmission, distribution and supply of electricity.

54.2 Any contingency provisions introduced by the Minister under 54.1 may continue in force for a period not exceeding six months and extension of such measures shall be subject to the approval of the Cabinet.

54.3 Without limiting subsection 54.1 the Minister may, by notice in writing, do all or any of the following:

- i) give any directions that are necessary to control, direct, authorize, conduct in relation to, restrict or prohibit the supply, distribution, sale, use or consumption of electricity;
- ii) direct a person or body to carry out any work required to ensure the generation, supply or distribution of electricity;
- iii) direct a person or body to maintain or operate any services required to ensure the generation, supply or distribution of electricity;
- iv) requisition the use of property of any kind which is used, or may be used, for or in connection with the generation, supply or distribution of electricity;
- v) operate, use, dispose of, distribute, store, repair and maintain any such property;
- vi) authorize a person specified in the notice to enter any land, building or structure used for or in connection with the provision of electricity;
- vii) authorize a person specified in the notice to withdraw the supply of electricity from any customer the person reasonably believes is in breach of any direction given under subsection 54.3 (i); and
- viii) provide, by direction, for any matter or thing incidental to the carrying into effect of the powers referred to in this section.

54.4 A direction of the Minister:

- i) may operate generally, or may be limited in its operations according to specified time, places, circumstances, condition or restrictions;
- ii) may, if so specified in the direction, allow the Minister to exempt a person or body from having to comply with the direction;
- iii) may be addressed or directed to people and bodies generally or particularly;
- iv) takes effect when made or, if a later time specified in the direction, at that later time.

54.5 The Minister may at any time by direction under this section amend or revoke a direction made, or purportedly made, under this section or may return requisitioned property.

54.6 If a direction of the Minister under subsection 54.5 amending an earlier direction for the purpose of correcting a defect, mistake or omission:

- i) includes the statement that the earlier direction is deemed to have been made as so amended; and
- ii) is made not later than three months after the earlier direction was made,

the earlier direction is deemed to have been made as so amended.

54.7 If the Minister requisitions the use of property under subsection 54.3(iv) the reasonable costs of compensating the owner of that property for the requisition and making good any damaged resulting from the requisition must be determined by the Minister.

54.8 Requisitioned property that has not been disposed of must be returned as soon as it is safe to do so after the Minister revokes a proclamation.

54.9 The amendment, revocation or expiry of a direction does not affect:

- i) the previous operation of the direction;
- ii) the validity of any action taken under the direction before the amendment, revocation or expiry; or
- iii) any penalty or punishment incurred in respect of any failure to comply with the direction before the amendment, revocation or expiry or any proceeding or remedy in respect of the penalty or punishment.

## **55 Compliance with contingency provisions**

55.1 A person or body who is aware of a direction under section 57 must comply with the direction.

55.2 A person:

- i) to whom electricity is supplied; and
- ii) who is aware of a direction restricting or prohibiting the use of electricity,

must do everything reasonably possible to ensure that electricity is not used on the land or premises to which the electricity is supplied in contravention of the direction.

55.3 A person must not obstruct another person:

- i) exercising a power given to; or
- ii) complying with an obligation imposed on,

the other person under section 57 if the person has been shown a copy of the notice giving the power or imposing the obligation:

55.4 A person is deemed to be aware of a direction if the Minister has caused:

- i) the direction to be published in a newspaper circulating throughout the area in which the direction applies; or
- ii) details of the direction to be broadcast or telecast by means of radio or television throughout the area in which the direction applies.

## 56 Offences during contingency provisions

56.1 An act or omission by any person which contravenes the provisions of section 55 shall be an offence.

56.2 In any proceedings for an offence against this section, a certificate purporting to be signed by the Minister to the effect that details of a direction were broadcast or telecast by means of radio or television throughout a particular area on a specified day is *prima facie* evidence of the facts set out in the certificate.

56.3 In any proceedings for an offence against this section, if a direction was made in respect of part of a day and first broadcast on that day, it is sufficient defense for the defendant to prove that at the time of the offence, the defendant:

- i) did not know; and
- ii) could not reasonably have known,

of the direction.

56.4 If an offence is committed by a person by reason of a failure to comply, within the period specified in a direction under subsection 55.1 with the requirements specified in the direction, the offence, for the purposes of subsection 56.5 is deemed to continue so long as any requirement



specified in the direction remains undone, whether or not the period has elapsed.

56.5 If, under subsection 56.4 an offence is deemed to continue, the person who committed the offence commits an additional offence on each day during which the offence is deemed to continue and is liable, upon conviction for such an additional offence, to a penalty not exceeding one tenth of the penalty for the first-mentioned offence.

56.6 If a body corporate commits an offence against this section, any officer of the body corporate who was in any way, by act or omission, directly or indirectly knowingly concerned in or party to the offence is also guilty of that offence and liable to the penalty for it.

56.7 A person may be charged in accordance with subsection 56.6 and prosecuted before the court of law.

56.8 If in a proceeding for an offence against this section it is necessary to establish the intention of a body corporate, it is sufficient to show that a servant or agent of the body corporate had that intention.

56.9 In subsection 56.6 “**officer**”, in relation to a body corporate, means:

- i) a director, secretary or executive officer of the body corporate;
- ii) any person in accordance with whose direction or instruction the directors of the body corporate are accustomed to act; or
- iii) a person concerned in the management of the body corporate.

56.10 If this section provides that a person is guilty of an offence, that reference to a person must:

- i) in the case of partnership, be read as a reference to each member of the partnership; and
- ii) in the case of an unincorporated body or association, be read as a reference to each member of the committee of management of the body or association.

## **57 Delegation by Minister**

57.1 The Minister may, by instrument, delegate to any person or body, all or any of the Minister's powers and functions under this Part, except this power of delegation.

57.2 The Minister may limit the delegation with respect to time, place or circumstance.

## **58 Judicial notice**

58.1 All courts and any person acting judicially must take judicial notice of any proclamation, direction or general requisition made, given or imposed under this Part.

## **59 Immunity from suit**

59.1 A person acting in good faith in the execution of this Part or any proclamation or direction under this Part is not liable to any action, claim or demand on account of any damage, loss or injury sustained or alleged to be sustained because of the operation of this Part or of any thing done or purporting to be done under this Part or any proclamation or direction under this Part.

## **PART 7**

### **SOCIAL OBLIGATIONS**

#### **60 Prescription of levies and issuance of directions**

60.1 The Minister may, on the recommendation of the Authority, prescribe levies for such matters and in accordance with guidelines set by the Authority which include:

- i) recovery of costs incurred in the delivery of electricity to rural or remote customers of Bhutan; and
- ii) any other matters which further the objectives of this Act as set out in section 60.3.

60.2 The Minister may, on the recommendation of the Authority, prescribe the amount and the manner of collection of such levy to be borne by Licensee and customers, classes of customers.

60.3 The Minister may, on the recommendation of the Authority, direct Licensees to undertake certain public service obligation which may include obligations in relation to:

- i) the security of supply of electricity;
- ii) regularity, quality and price of electricity;
- iii) health and safety of person;

- iv) environmental protection ;
- v) use of renewable energy sources;
- vi) promotion of efficient use of electricity; or
- vii) assistance to the underprivileged or the decentralization of development to provincial areas.

60.4 The Minister may, on the recommendation of the Authority, issue general policy directions in relation to the choice and diversification of fuel sources in the generation of electricity.

## **61 Rural electrification**

61.1 The Minister shall undertake to promote, support and provide rural electrification programmes through public and private sector participation in order to:

- i) achieve equitable regional distribution access to electricity;
- ii) maximize the economic, social and environmental benefits of rural electrification subsidies;
- iii) promote extension of the grid and development of off-grid electrification;
- iv) promote renewable energy and
- v) stimulate innovations within suppliers.

## **PART 8**

### **TECHNICAL REQUIREMENTS AND SAFETY**

- 62** In carrying out electricity industry operation, a Licensee must comply with the engineering and safety standards under the regulations prescribed by the Authority.
- 63** In the event that the operation of a Licensee fails to comply with the characteristics and standards referred to under section 64, the Authority shall have the power to order the Licensee to improve or to take corrective measures, pursuant to the regulations prescribed by the Authority.
- 64** The technical characteristics and standards of equipment to be connected to the power system shall be in conformity with the regulations announced by the Authority.
- 65** The Authority may issue an instruction requiring that the standards of certain categories of equipment to be connected to the power system be tested and certified prior to their utilization in energy services provision.
- 66** The Licensee shall have to undertake the maintenance, repair and improvement of the power system, equipment and appliances utilized in the energy business operation to ensure that their efficiency and standards comply with the regulations

referred to under section 64, if there is any damage or breakdown, repair must be expeditiously taken to restore the operation.

- 67** In establishing the technical characteristics and standards referred to under section 64, the Authority may refer to the characteristics and standards established by other agencies under the authority and duties specified in other pieces of legislation.
  
- 68** The Authority may assign, in his place, any other agency to be responsible for the testing and certification of the technical characteristics and standards under section 64.

## **PART 9**

### **OFFENCES**

**69** The following acts shall be offences:

- i) unauthorized tapping of electricity;
- ii) contravention of any provisions of the terms and conditions of supply prescribed by the licence or any other law governing the supply and use of electricity of rules and regulations framed thereunder;
- iii) unauthorized supply of electricity to any service;
- iv) unauthorized supply of electricity to any service, which was disconnected;
- v) exceeding the contracted connected load without specific permission of the Licensee;
- vi) addition, alteration or extension of electrical installation in the customer's premises without permission of the Licensee or extension to any premises other than one for which supply was contracted for;
- vii) non-compliance of orders imposing restriction on use of energy for rational and equitable distribution thereof;
- viii) use of electricity for the purpose other than that for which supply is contracted for;



- ix) resale of energy without the permission of the Licensee;
- x) obstruction to lawful entry by the authorized officers/employees of the Licensee into the customer's premises;
- xi) tampering with or adjusting any installation or part of an installation, or manufacturing or importing or selling any equipment so as to cause or to be likely to cause harm to human life or damage to any equipment or other property;
- xii) without the consent of the Licensee or the Authority, affixing or causing to be affixed any advertisement, bill or notice or any other paper against or upon or otherwise defaces any building, post or bracket or other equipment or the enclosure thereof used for or in connection with any electrical installation;
- xiii) damaging any meter or other instrument used on or in connection with any licensed installation for recording the output or consumption of energy;
- xiv) extinguishing or damaging any public lamp or defaces any post, bracket or other means of support of a public lamp;
- xv) undertaking any work or engage in any activity in the vicinity of any electrical installation or part of the installation in a manner likely to interfere with any electrical installation or to cause danger to any person or property;

- xvi) any act that may threaten power supply;
- xvii) any act that may threaten system security; and
- xviii) violation of any of the provision of this Act,

any person committing an offence shall be punished as per the law of the land.

## **PART 10**

### **MISCELLANEOUS**

- 70** The Authority may, by statutory order, grant an exemption from the requirement to hold a Licence for the generation, distribution or sale of electricity by categories of persons or by a particular person, for the promotion of rural electrification where the generation capacity does not exceed 500 kilowatts but that exemption shall not preclude the Authority from exercising its other regulatory functions under this Act.
- 71** An exemption granted to persons of a particular class shall be published in such manner, as the Authority considers appropriate for bringing it to the attention of persons of that class.
- 72** An exemption granted by the Authority under this section shall be in writing and may be revoked in accordance with any term contained in the exemption.
- 73** Unless previously revoked, an exemption will continue in operation for such period as may be specified in or determined by or under the exemption.
- 74** The Minister shall, in consultation with the Authority, lay down administrative procedures for the regulation of electricity

distribution and sales to customer activities involving generation systems of a capacity not exceeding 500 kilowatts.

**75** The Authority shall, within four months after the end of each financial year, submit to the Minister, a statement of his activities in the preceding financial year, containing such information as the Minister may require.

**76** The Authority shall also submit to the Minister, such other reports on his activities or on any other matter as the Minister may, from time to time, require.

**77** The common seal of the Authority shall:

77.1 be in a form to be determined by the Authority; and

77.2 not be affixed to any document except by order of the Authority.

**78** The common seal of the Authority shall be authenticated by the signatures of the Chief Executive Officer and two other members of the Authority.

**79** An instrument or contract which if executed or entered into by a person other than a body corporate would not require to be under seal, may be executed or entered into or on behalf of the Authority by the Chief Executive Officer, or by any member of

the Authority or by any other person if that member or the Authority or other person has been duly authorized by resolution of the Authority to execute or enter into the instrument or contract as the case may be.

- 80** Every document purporting to be an instrument or contract executed or issued by or on behalf of the Authority in accordance with this section shall be deemed to be so executed or issued until the contrary is proved.
- 81** Subject to section 82, all applications for licences and documents related to resolution of disputes, handling of cases regarding breaches of safety or technical regulations, or any other matter dealt with by the Authority, shall be regarded as public documents.
- 82** The Authority may, of his own motion or on the application of the Licensee, exempt such documents as he may prescribe from access to the public under section 81 in order to prevent the revealing of business secrets and other sensitive matters.
- 83** The Authority shall keep a register in which shall be entered the particulars of:
- i) every exemption granted to a Licensee;
  - ii) every licence granted by the Authority;
  - iii) every modification or revocation of a licence;

- iv) every compliance order or revocation of a compliance order; and
- v) every requirement imposed and every consent or approval given by the Authority under the terms of a licence.

**84** All decisions of the Authority shall be in writing and the Authority shall give reasons for every decision made by him.

**85** A member of the Authority or of a committee of the Authority is not personally liable for any action done or omitted to be done by him in good faith without negligence for the purposes of carrying into effect the provisions of this Act.

**86** An officer or employee of the Authority or other person acting on behalf of the Authority is not liable for any act done by him in good faith, without negligence, for the purpose of carrying into effect the provisions of this Act.

**87** The Authority shall, within twelve months after the commencement of this Act, by statutory instrument, make regulations relating to the generation, transmission, distribution, retail, internal house wiring and utilization of the electricity system.

**88** Without prejudice to the generality of section 87, regulations made under this section may provide for:

- i) standards regarding safety;
- ii) technical equipment and skills;
- iii) the quality of deliverance of electricity;
- iv) the fees to be charged under this Act; and
- v) any other matter necessary or convenient for giving full effect to this Act.

**89** The Authority shall, by statutory instrument, make regulations to establish a Grid Code.

Done at the 79<sup>th</sup> session of the National Assembly of Bhutan on the 6<sup>th</sup> day of the 6<sup>th</sup> month of the Female Iron Snake Year corresponding to 26 July, 2001.