



**GENERATION OF ELECTRICITY
LICENCE
APPLICATION FORM**

Please send the completed form to

ZIMBABWE ENERGY REGULATORY AUTHORITY

14th Floor Century Towers
45 Samora Machel Avenue
P.O Box CY308 Causeway
HARARE

Tel: +263-24-2780010, 2253461

Fax: 263-24-2250696

E-Mail: admin@zera.co.zw

Website: www.zera.co.zw

Application must be submitted on email address electricitylicensing@zera.co.zw and application must be accompanied by an application fee of **\$2 500.00 plus 14.5% VAT**

Introduction

This document is intended to provide guidance to persons wishing to apply to the Zimbabwe Energy Regulatory Authority (ZERA) for a licence in terms of the Electricity Act (Chapter 13:19) number 4 of 2002 (***hereinafter referred to as the Act***) for the provision of electricity services.

Section 40 (1) of the Act requires that no person shall in Zimbabwe operate an electricity undertaking that generates, transmits, distributes or supplies electricity in excess of 100 kilowatts (kW) without an appropriate licence issued under the Act.

The Act defines three categories of licences namely generation, transmission and bulk supply and the distribution and retail licences.

The *generation licence* shall authorize the licensee to construct, own, operate and maintain a generation station for the purposes of the generation and supply of electricity.

- the holder of a generation licence may supply electricity to any transmission, distribution and retail licensee who purchases electricity for resale and, with the approval of the Authority, to any one or more consumers.
- For the purposes of Subsection 2 of Section 42 of the Act, a holder of a generation licence includes a generating company outside Zimbabwe that is entitled, under an arrangement approved by the Authority or permitted by a licence issued to another licensee to sell power to Zimbabwean licensees or consumers without a licence from the Authority.

It is in the light of the requirement of the Act for an operator to have a valid licence that the following guidelines are issued to prospective licensees.

Applicants are reminded that it is an offense under the Act (Section 60) to make any statement which he knows is false or does not have reasonable grounds to believe to be true before the Authority. Provision of false, misleading or incomplete information would go directly to the question of the suitability of an applicant to hold a licence.

Basis of the form

The application form is issued in terms of section 46 of the Act that requires that an application for a licence shall be made to the Authority in the form and manner prescribed.

Use of the form

Applicants should provide the requested information in the spaces provided and where necessary provide further information. The form can be filled electronically (MS Word 2007 version) . ***The application form should be filled for each plant that is intended to be licensed.***

Prior reading

It is advised that applicants familiarize themselves with the provisions of the ACT and the ZERA licence application guidelines.

LICENCE APPLICATION FORM

1. Identity of the applicant

Name of applicant	
Legal form of applicant	
Physical address	
Postal address	
Telephone number	
Fax number	
Contact person	
Contact person's e-mail address	
Contact person's phone number	

Attach where applicable – company registration details, memorandum of association, lease agreements.

2. Location and name of generation plant

Name of generation plant	
Physical location of plant – name and six-figure X,Y co-ordinates(also provide a 1:500 location map/drawing)	
Anticipated Year of commissioning	

3. Type of generation plant (tick appropriate box)

Thermal	Hydro	Solar PV	Biomass	Wind	Other (specify)

4. Indicate proposed capacities

Number of Units	Installed Capacity (MW)	Auxiliaries(MW)	Sent Out Capacity (MW)	Planned Annual Energy Generation(GWh)	Planned Annual Energy Sent out(GWh)	

5. Indicate projected generating capacity (MW), energy produced, energy used internally and energy sent out in next twenty years

Year	Annual Average Capacity Sent out MW	Generation Capacity (MW)	Auxiliaries (MW)	Plant load factor	Energy Sent out (GWh)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

18					
19					
20					

6. Indicate the proposed plant decommissioning in the next twenty years

Year	Number of Units	Capacity to be Decommissioned (MW)	Energy Reduction from Decommissioning (GWh)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

7. Indicate the proposed plant refurbishment plans in the next twenty years

Year	Number of Units	Addition or Reduction in Capacity (Underline the applicable) (MW)	Addition or Reduction in Energy (Underline the applicable) (GWh)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

8. Indicate the proposed plant up-rates in the next twenty years (excluding new plants)

Year	Number of Units	Addition in Capacity (MW)	Increase in Energy (GWh)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

9. Nature and scope of operations for which licence is being sought

Please provide the following information:

- (i) How did you come up with the decision to invest in generation?
- (ii) Where is the machinery (plant) being acquired from?
- (iii) What is the cost of the equipment that is being used?
- (iv) Indicate local content costs of the project.
- (v) What are the major advantages of the equipment being acquired?
- (vi) What is the expected future life of the generation station?
- (vii) What spares are locally available?
- (viii) Attach grid impact studies report
- (ix) Attach the environmental impact assessment report and certificate
- (x) Has the EIA report been approved by EMA.
- (xi) How are negative impacts going to be dealt with?
- (xii) How is the generator going to be connected to the network?

- (xiii) Provide an Autocad (2007 version) detailed single-line drawing of the generation integration onto the grid
- (xiv) Has applicant entered into a connection agreement with a licenced operator of the transmission/distribution network (provide proof)?
- (xv) Has a power purchase agreement been secured with a licenced transmission / distribution company?

10. Technical capabilities

Applicants must show that they have the technical capacity to comply with the conditions of the licence they are applying for and any associated codes and guidelines as published at the time. Applicant should also demonstrate if they have the technical resources required.

In order to demonstrate technical capacity to the Authority, applicants should provide among others –

- (i) details of their experience in and knowledge of the electricity industry
- (ii) tabulated summary of the skills and experience of the senior managers and key personnel and their relevance to meeting the requirements of the licence. Technical expertise in complaints handling, monitoring and testing services, operations and maintenance of systems to be demonstrated.
- (iii) If applicant is to rely on another entity to provide skills a summary of the relationship between the entity and the applicant including formal agreements to provide services, duration of agreement and a summary of evidence that the contracted entity has the necessary skills, experience and technical capacity has to be provided together with the application. Applicant has to attach relevant contracts and other documents as proof.

11. Indicate primary energy sources

For a generation licence applicant it is necessary to indicate in the application primary energy sources and fuels and any agreements with suppliers of inputs like coal and water.

Fuel /energy type

No	Fuel type/energy source	Indicate whether Contract/own	Duration in years (if contract)	Quantities per year	Price per unit

It is necessary for the applicant to provide copies of agreements they have with suppliers as proof.

12. Maintenance programs and decommissioning

Indicate

- (i) major maintenance programs including expected costs and duration in the next 5 years
- (ii) expected plant availability
- (iii) planned outage rate
- (iv) forced outage rate
- (v) major decommissioning costs
- (vi) expansion plans and modifications planned during the life of the plant

13. Financial projections and security

The applicant is required to submit (where possible) :

- (i) Audited financial statements for the previous three years
- (ii) Budgeted financial statements for the next five years after commissioning showing total revenues (per project) to be earned, costs to be incurred and sales based on realistic and clearly defined assumptions
- (iii) Tariff and tariff assumptions (plant load factor)
- (iv) Estimates of net annual cash flows for the following 5 years for the lifespan of the project with computations of Net Present Value and Internal Rate of Return.
- (v) Current profit and loss statements, balance sheets and any other information that can demonstrate an acceptable credit rating.
- (vi) Computations of debt/equity and return on assets ratios.
- (vii) Declaration from the Chief Executive Officer stating that the officer is not aware of any factor that would affect the applicant's ability to

- securely finance the activities to be performed under the proposed licence.
- (viii) Declaration by the CEO that all information submitted by the applicant is correct. Applicant are drawn to provisions Subsection 2(a) of Section 51 and Section 60 of the Electricity Act (Chapter 13:19) of 2002.
 - (ix) A written declaration from an independent auditor or financial advisor stating that :-
 - a. the applicant has not been deregistered, wound or dissolved, is not under external administration
 - b. that they are not aware of any factor that would affect the applicant's ability to securely finance the activities to be performed under the licence
 - c. that the applicant's current financial commitments are appropriate to the applicant's size and reserves
 - (x) A comprehensive business plan including strategic direction, objectives, opportunities in the market, forecast results, impact of differing assumptions or scenarios on the applicant's financial position.
 - (xi) Long – and /or short-term credit rating from a reputable organization.

14. Equity structure of the applicant

If the company is a wholly owned subsidiary of another company or one of a group of related companies provide :

- (i) details of the ownership structure of the group, including proportions of equity held.
- (ii) details of the contractual arrangements that define relationships within the group – shared resources, guarantees, revenue flows, obligations.
- (iii) consolidated audited financial statements for the group.
- (iv) Provide a copy/(copies) of shareholders' agreement.

Summary information about the parent company and the ownership structure of the related companies should be provided. Any breach of statutory or legal obligation of any of the directors, principal owners and principal officers should be made known to the Authority.

In the table below show shareholding of the company:

Name of shareholder	% shares held	Full address of shareholder
1.		
2		
3.		
4.		
5.		
6.		

15. Previous applications

Provide :

- (i) Details of any offences or successful prosecutions in Zimbabwe/international.
- (ii) Details of any licence currently held by the applicant or company related to the applicant in Zimbabwe/international.
- (iii) Revocations/suspensions of previous local or international licences
- (iv) Details of any international/local previous unsuccessful utility licence applications by applicant or company related to applicant including reasons for refusal

16. Human Resources

Provide the following information.

Number of managerial employees	
Number skilled /technical	
Number of semi-skilled	
Number of general employees	
Total	

Attach the following : Training policy and program, relevant industry policies

17. Names and addresses of key personnel of the applicant

Applicant needs to reveal in the application the names of the key personnel who make important decisions in the organization. Such people include Chief Executive officer, directors, company secretary

No.	Name	Surname	Position	Physical address	Contact Telephone

Additional information

It is very important for the applicant to provide as much information as possible. The applicant can therefore provide further information if they feel that such information will help in the consideration of the application by the Zimbabwe Energy Regulatory Authority (ZERA). The applicant should also demonstrate that their operations are in compliance with other laws of the land such as investment regulations, environmental laws and other relevant statutes.

Declaration

We,.....and.....
declare that we have personally reviewed the above statements and that they are true and correct and complete in all material aspects. We further declare that the information was prepared and compiled under our supervision and control and that we are authorized by the applicant to submit this application on its behalf. We declare that we have a positive duty to ascertain the accuracy and completeness of this information.

Dated this.....day of.....20.....at.....

Signature :.....

Title :.....

Signature :.....

Title :.....

Company stamp :



Glossary of terms

- | | |
|-------------|------------------------------------------------|
| ACT | Electricity Act (Chapter 13:19) of 2002 |
| EIA | Environmental Impact Assessment |
| EMA | Environmental Management Agency |
| ZERA | Zimbabwe Energy Regulatory Authority |