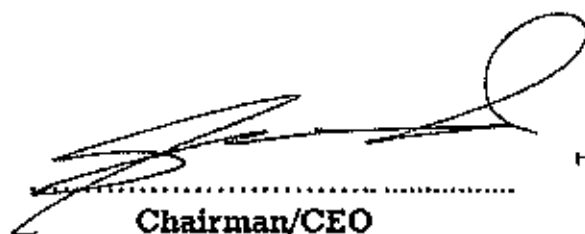




The Official Seal of the Nigerian Electricity Regulatory Commission hereunto affixed is authenticated by:


Chairman/CEO


Commissioner
(Legal, Licensing & Enforcement)

Authorised in that behalf by the

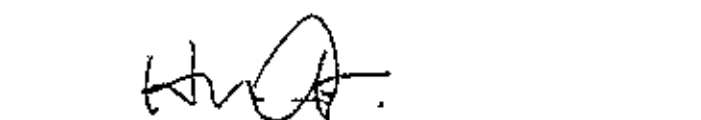
Nigerian Electricity Regulatory Commission

Dated this 15th Day of June, 2013

ACCEPTANCE OF TERMS AND CONDITIONS OF LICENCE

The Licensee hereby agrees to be bound by the terms and conditions of this Licence as contained herein

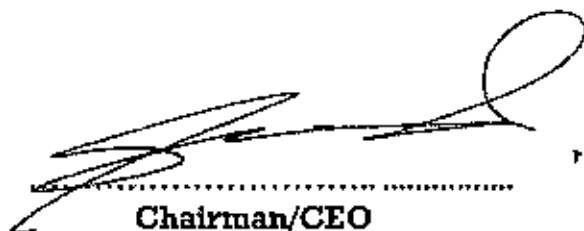
The official Seal of the Transmission Company of Nigeria (TCN) hereunto affixed is authenticated by


Chief Executive Officer (CEO)





The Official Seal of the Nigerian Electricity Regulatory Commission hereunto affixed is authenticated by:



Chairman/CEO



Commissioner
(Legal, Licensing & Enforcement)

Authorised in that behalf by the
Nigerian Electricity Regulatory Commission

Dated this 15th Day of June, 2013

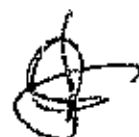
ACCEPTANCE OF TERMS AND CONDITIONS OF LICENCE

The Licensee hereby agrees to be bound by the terms and conditions of this Licence as contained herein

The official Seal of the Transmission Company of Nigeria (TCN) hereunto affixed is authenticated by



Chief Executive Officer (CEO)





PART II GENERAL CONDITIONS OF THE LICENCE

Condition 1

Interpretation and Construction

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

"Act" means the Electric Power Sector Reform Act 2005, as may be amended from time to time;

"affiliate" means any holding company or subsidiary of the Licensee or any subsidiary of a holding company of a Licensee that has a licence issued by the Commission for generation, distribution, and trading; and unless the Commission decides to the contrary, subsidiary status shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten (10) percent or more of ownership or voting securities of such entity and holding status shall be determined accordingly;

"approved" means approval given by the Commission;

"auditors" means the Licensee's auditors for the time being holding office in accordance with the requirements of the Companies and Allied Matters Act Cap. C20 LFN 2004;

"available" in relation to any generating unit, means a generating unit that is declared by the power station as being available to generate electrical energy in accordance with the Grid Code, and "availability" shall be construed accordingly;



"Availability"	has the meaning assigned to it in the Grid Code;
"Commission"	means the Nigerian Electricity Regulatory Commission established under Part III of the Act;
"Codes"	means the operating codes established or approved by the Commission in accordance with Section 32(2) of the Act;
"CAMA"	means the Companies and Allied matters Act, Cap. C20 LFN 2004;
"connection agreement"	means the agreement between a generation, distribution Licensees or eligible customer and the transmission Licensee identifying the relevant connection site and setting out other site specific details in relation to that connection, and may include provisions relating to payment of connection charges or use of system charges when applicable;
"consumer"	has the meaning assigned to it in Section 100 of the Act;
"dispose of" or "disposal"	includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or permitting of any encumbrance to subsist or any other disposal to a third party;
"distribution system"	means the system of facilities of the distribution Licensee, as defined by the Commission, consisting wholly or mainly of low voltage (less than 132kV) electric lines used for the distribution of electricity from grid supply points to the point of delivery to consumers or eligible customers, and includes any electrical plant and meters operated in connection with the distribution of electricity, but shall not include any part of a transmission system;
"electricity undertaking"	means any person engaged in the generation, transmission, distribution or supply of electricity;
"eligible customer"	has the meaning assigned to it in Section 100 of the Act;
"environmental law"	means any law of Nigeria for the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and


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all relevant legislation relating to the assessment of environmental impact and the protection of air, land and water;

"financial year"	means an accounting period covering 12 consecutive months over which a company calculates its expenses and revenues, determines earnings and profits, and prepares statutory reports;
"Grid Code"	has the meaning assigned to it in Section 100 of the Act;
"holding company"	has the meaning assigned to it in CAMA;
"information"	shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in the format prescribed by the Commission.
"Licensed Business"	means the regulated activity authorized by this licence;
"major incident"	means an incident associated with the transmission of electricity in the Licensee's authorised area that results in a significant interruption of service, substantial damage to equipment, or significant injury to human beings, or loss of life;
"market operations"	means making, publishing, amending, administering and or enforcing the Market Rules and settlement of payments among Market Participants pursuant to its Licence;
"Market Rules"	has the meaning assigned to it in Section 100 of the Act;
"modification"	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
"prescribe"	means as specified by the Commission in a regulation issued pursuant to Section 96 of the Act;
"relevant asset"	means any asset for the time being (whose book value at the time of the proposed disposal or charge exceeds Ten Million Naira (N10,000,000.00) only or such amounts as the Commission may specify) forming part of the licensee's assets and/or any legal or beneficial interest in land upon which any of the foregoing is situated.



"Section"	means a Section of the Act;
"System Operation"	means the operation of one or more transmission systems;
"System Operator"	means the division of Transmission Company of Nigeria (TCN) responsible for the provision of system operation services pursuant to Section 66 of the Act;
"tariff"	means a tariff approved by the Commission that specifies the prices, terms and conditions under which electricity service is to be provided;
"tariff methodology"	means the principles on which, and the methods by which, the charges or rates for generation, transmission system operations, market operations, trading, or distribution services or connections are determined, pursuant to Section 76 of the Act;
"theft of electricity"	has the meaning assigned to it in the Act, subsidiary legislation, and any extant law in Nigeria, as amended;
"Transmission Licence"	means a licence granted under section 65;
"transmission Licensee"	means the holder of a licence to transmit electricity granted under Section 65 of the Act;
"transmission services"	includes the planning, design, development, construction and maintenance of a transmission system;
"Transmission Service Provider" & "TSP"	means the division of Transmission Company of Nigeria (TCN) responsible for transmission services pursuant to Section 65 of the Act;
"Transmission system"	means the system or network of electric lines comprising wholly or mainly high voltage lines and electric plant and which is used for Transmission of Energy from a Power Station to a substation, from one Power Station to another, from one substation to another or to or from any Interconnector or to final consumers, and includes any structures and equipment's for that purpose;
"use of system"	means use of the transmission system for the transport of electricity by a user;
"user"	means a person or party using Transmission Network/System as agreed and permitted by the TSP.



4. Unless otherwise specified:

- (a) any reference to a numbered condition or to a numbered schedule is respectively a reference to the condition or the schedule bearing that number in this licence;
- (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the condition or schedule in which the reference occurs; and
- (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, code or other instrument shall include a reference to such agreement, code or other instrument as varied, supplemented or replaced from time to time.

- 5. The heading or title of any part, condition, schedule or paragraph shall not affect the construction thereof.
- 6. Where any obligation of the Licensee is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit. The extension of the time limit for performance shall be without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit.
- 7. In this licence, the word "include" shall be construed without limitation.
- 8. Should any provision of the conditions of this licence cease to be effective, that provision shall be deleted from the Conditions and the remaining provisions shall continue in full force and effect.
- 9. In the event of any inconsistency between this licence and the Act, the Act shall prevail to the extent of such inconsistency.



Condition 2:

Compliance with Applicable Laws and Conditions of Licence

1. The Licensee shall comply with all applicable laws in Nigeria, whether in force at the date hereof or in the future, specifically those related to prohibition of monopolistic and unfair business competition practices, occupational health and safety, and environment standards.
2. The Licensee shall maintain adequate financial, technical and managerial resources and capabilities to allow the Licensee carry out the Licensed Activity in accordance with the various regulations, codes, rules, and service standards prescribed by the Commission.
3. The Licensee shall comply with all rules, codes and standards produced or approved by the Commission in accordance with NERC's statutory duty to monitor the efficiency and performance of licences



Condition 3:

Codes, Regulations and Directions by the Commission

1. The Licensee shall comply with any orders, directions and determinations made by the Commission pursuant to the Act, any Regulations made under the Act, or this Licence.
2. The Licensee shall comply with all approved codes and the standards established or approved by the Commission, to the extent that such Codes and standards are applicable to its licensed activities. If the Licensee becomes aware of a material breach of any of the applicable codes or standards, the Licensee must notify the Commission as soon as practicable.
3. Any costs associated with compliance with paragraphs 1 and 2 shall be the responsibility of the Licensee.
4. The Licensee shall not enter into any agreement with any person if to do so would likely involve the Licensee to be in breach of codes, standards or directions by the Commission, or the Conditions in this licence.
5. The Commission on reasonable grounds and after consultation with any electricity undertaking which may be materially affected, may issue directions relieving the Licensee of its obligations in respect to such parts of a code or a standard and to such extent as may be specified in those directions, and subject to such terms and conditions as the Commission deems fit.



Condition 4:

Provision of Information to the Commission

1. The Licensee shall furnish to the Commission information, in such manner and at such times as the Commission may require, and shall provide and furnish such reports as the Commission may consider necessary in the light of the Conditions or as the Commission may require for the purpose of performing the functions assigned or transferred to it by or under the Act.
2. The Licensee shall promptly provide detailed reports to the Commission, if the Licensee experiences a significant change in its circumstances that materially affects the Licensee's ability to meet its material obligations under this licence, or in the case of a major incident.
3. The Licensee shall submit an annual report in respect of its Licensed Activity, including all the financial, administrative and technical aspects relating to the Licensee's Licensed Activity as may be requested by the Commission.
4. The Licensee shall notify the Commission within:
 - a. 14 days of any change in:
 - a). Registered address of the Licensee; and
 - b). Changes in the Company's registration details effected at the Corporate Affairs Commission (CAC).
 - c. The Licensee shall notify the Commission within 30 days of any change in facilities owned by the Licensee.
5. Within thirty (30) days of receiving the relevant documents required under this Condition, the Commission shall make a decision as to the need to modify the License or for the Licensee to apply for an amendment to the License in accordance with NERC Application for Licences Regulations 2010, and as amended.
6. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under any other Condition pursuant to the Act or any other enactment.



Condition 5:

Accounts

1. The Licensee shall maintain a bank account for the Licensed Activity, separate from the bank accounts for its System Operations activities.
2. The Licensee shall prepare, in accordance with such guidelines as the Commission may prescribe, accounts for its Licensed Activity separate from any other business the Licensee is engaged in.
2. The Licensee shall maintain accounting and reporting arrangements that enable separate financial accounts to be prepared for and accurately show the financial affairs of its Licensed Activity.
3. Accounting statements in respect of a financial year prepared under this Condition shall, so far as reasonably practicable and, unless otherwise approved by the Commission, having regard to the purposes of this condition:
 - a). have the same content and format (in relation to the Licensed Activity) as the annual accounts of the Licensee (and any affiliate of the Licensee) prepared under the Companies and Allied Matters Act and conform to the best commercial accounting practices approved by the Commission; and
 - b). state the accounting policies adopted.
4. The Licensee shall submit a copy of an auditors' report stating whether, in their opinion, the accounting statements have been properly prepared in accordance with this condition and giving a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Licensed Activity.
5. The Licensee shall prepare a Regulatory Accounting Report (RAR) containing its financial and accounting statements in accordance with such guidelines as the Commission may, from time to time, prescribe. The guidelines prescribed by the Commission may:
 - a) specify the form and content of accounting statements, including information on specified types of revenue, cost, asset and liability and information on the revenues, costs, assets and liabilities attributable to specified activities;



- b) require any reconciliation that may be required with the annual accounts of the Licensee prepared under the Companies and Allied Matters Act;
 - c) specify the accounting principles and the bases of valuation to be used in preparing accounting statements;
 - d) specify the nature of the report by the auditors required to be given in respect of accounting statements; and
 - e) specify the required timing of reporting by the Licensee to the Commission under this condition.
8. For the purposes of this condition, the RAR shall be due on the date corresponding to the end of the Licensee's financial year provided that if the licence be first issued less than three (3) calendar months to the end of the Licensee's current financial year, the first RAR shall be due at the end of the immediately following financial year.
9. References in this condition to costs or liabilities of, or reasonably attributable to, the Licensed Activity shall be construed as excluding costs and liabilities which do not relate to the Licensed Activity and interest thereon; and references to any accounting statement shall be construed accordingly.



Condition 6:

Prohibition against discrimination between users

In carrying out its obligations under this Licence, the Licensee shall not unduly discriminate:

- (a) between any persons or class or classes of persons;
- (b) between any user or classes of users; or
- (b) between the Licensee or any affiliate of the Licensee and any person or user or class or classes of persons or users.



Condition 7:

Payment of Operating Fees

1. The Licensee shall pay to the Commission Annual Operating fees of 1.5% of the Licensee's Charges/kWh as specified in the NERC Licence and Operating Fees Regulations, 2010.
2. The operating charges shall be paid at the end of each month in accordance with the Annual Market Settlement and Payment Calendar being implemented by the Market Operator and any delayed payments shall attract an interest charge of 1% above the prevailing inter-bank lending rate.





Condition 8:

Insurance

1. The Licensee shall adopt and implement reasonable and prudent insurance policies which shall manage the insurance risks associated with the Licensed Activity.
2. The Licensee shall ensure that all equipment and facilities which are part of the transmission system are adequately insured



Condition 9:

Access to Premises

The Commission and its authorised agents shall have the right of access to inspect the Licensee's premises, equipment and documents and the Licensee shall render necessary assistance in the course of inspection of the Licensed Activity in accordance with Section 96 of the Act.

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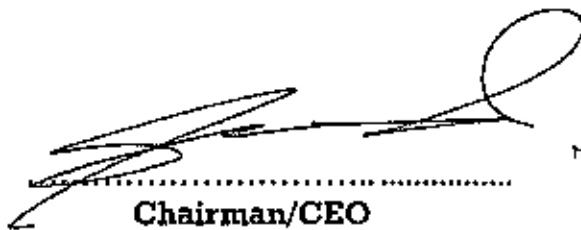
Condition 10:

Economic Purchasing of Goods, Assets and Services

1. The Licensee shall procure assets and services required to enable it to discharge its obligations under this Licence through an open, transparent and competitive process.
2. In contracting or arranging for the provision of goods, assets and services required to enable the Licensee to carry out the Licensed Activity, the Licensee shall employ best corporate practices in the procurement process.
3. Any contract or arrangement which the licensee enters into for the purchase of goods, assets and services from an Affiliate or a related undertaking of the licensee shall be on the basis of terms and conditions, including price, which prevail in the market in respect of such goods, assets, and service.
4. The Licensee shall obtain the approval of the Commission prior to all purchases made outside the approved budgets.



The Official Seal of the Nigerian Electricity Regulatory Commission hereunto affixed is authenticated by:


Chairman/CEO


Commissioner
(Legal, Licensing & Enforcement)

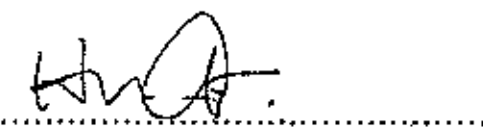
Authorised in that behalf by the
Nigerian Electricity Regulatory Commission

Dated this 10th Day of June, 2013

ACCEPTANCE OF TERMS AND CONDITIONS OF LICENCE

The Licensee hereby agrees to be bound by the terms and conditions of this Licence as contained herein

The official Seal of the Transmission Company of Nigeria (TCN) hereunto affixed is authenticated by


Chief Executive Officer (CEO)





PART II GENERAL CONDITIONS OF THE LICENCE

Condition 1

Interpretation and Construction

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

"Act" means the Electric Power Sector Reform Act 2005, as may be amended from time to time;

"affiliate" means any holding company or subsidiary of the Licensee or any subsidiary of a holding company of a Licensee that has a licence issued by the Commission for generation, distribution, and trading; and unless the Commission decides to the contrary, subsidiary status shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten (10) percent or more of ownership or voting securities of such entity and holding status shall be determined accordingly;

"approved" means approval given by the Commission;

"auditors" means the Licensee's auditors for the time being holding office in accordance with the requirements of the Companies and Allied Matters Act Cap. C20 LFN 2004;

"available" in relation to any generating unit, means a generating unit that is declared by the power station as being available to generate electrical energy in accordance with the Grid Code, and "availability" shall be construed accordingly;



"Availability"	has the meaning assigned to it in the Grid Code;
"Commission"	means the Nigerian Electricity Regulatory Commission established under Part III of the Act;
"Codes"	means the operating codes established or approved by the Commission in accordance with Section 32(2) of the Act;
"CAMA"	means the Companies and Allied matters Act, Cap. C20 LFN 2004;
"connection agreement"	means the agreement between a generation, distribution Licensees or eligible customer and the transmission Licensee identifying the relevant connection site and setting out other site specific details in relation to that connection, and may include provisions relating to payment of connection charges or use of system charges when applicable;
"consumer"	has the meaning assigned to it in Section 100 of the Act;
"dispose of" or "disposal"	includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or permitting of any encumbrance to subsist or any other disposal to a third party;
"distribution system"	means the system of facilities of the distribution Licensee, as defined by the Commission, consisting wholly or mainly of low voltage (less than 132kV) electric lines used for the distribution of electricity from grid supply points to the point of delivery to consumers or eligible customers, and includes any electrical plant and meters operated in connection with the distribution of electricity, but shall not include any part of a transmission system;
"electricity undertaking"	means any person engaged in the generation, transmission, distribution or supply of electricity;
"eligible customer"	has the meaning assigned to it in Section 100 of the Act;
"environmental law"	means any law of Nigeria for the protection of the environment, including the protection of human health, flora, fauna and the eco-systems on which they depend and



all relevant legislation relating to the assessment of environmental impact and the protection of air, land and water;

"financial year" means an accounting period covering 12 consecutive months over which a company calculates its expenses and revenues, determines earnings and profits, and prepares statutory reports;

"Grid Code" has the meaning assigned to it in Section 100 of the Act;

"holding company" has the meaning assigned to it in CAMA;

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

"Licensed Business" means the regulated activity authorized by this licence;

"major incident" means an incident associated with the transmission of electricity in the Licensee's authorised area that results in a significant interruption of service, substantial damage to equipment, or significant injury to human beings, or loss of life;

"market operations" means making, publishing, amending, administering and or enforcing the Market Rules and settlement of payments among Market Participants pursuant to its Licence;

"Market Rules" has the meaning assigned to it in Section 100 of the Act;

"modification" includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;

"prescribe" means as specified by the Commission in a regulation issued pursuant to Section 96 of the Act;

"relevant asset" means any asset for the time being (whose book value at the time of the proposed disposal or charge exceeds Ten Million Naira (N10,000,000.00) only or such amounts as the Commission may specify) forming part of the licensee's assets and/or any legal or beneficial interest in land upon which any of the foregoing is situated.



"Section"	means a Section of the Act;
"System Operation"	means the operation of one or more transmission systems;
"System Operator"	means the division of Transmission Company of Nigeria (TCN) responsible for the provision of system operation services pursuant to Section 66 of the Act;
"tariff"	means a tariff approved by the Commission that specifies the prices, terms and conditions under which electricity service is to be provided;
"tariff methodology"	means the principles on which, and the methods by which, the charges or rates for generation, transmission system operations, market operations, trading, or distribution services or connections are determined, pursuant to Section 76 of the Act;
"theft of electricity"	has the meaning assigned to it in the Act, subsidiary legislation, and any extant law in Nigeria, as amended;
"Transmission Licence"	means a licence granted under section 65;
"transmission Licensee"	means the holder of a licence to transmit electricity granted under Section 65 of the Act;
"transmission services"	includes the planning, design, development, construction and maintenance of a transmission system;
"Transmission Service Provider" & "TSP"	means the division of Transmission Company of Nigeria (TCN) responsible for transmission services pursuant to Section 65 of the Act;
"Transmission system"	means the system or network of electric lines comprising wholly or mainly high voltage lines and electric plant and which is used for Transmission of Energy from a Power Station to a substation, from one Power Station to another, from one substation to another or to or from any Interconnector or to final consumers, and includes any structures and equipment's for that purpose;
"use of system"	means use of the transmission system for the transport of electricity by a user;
"user"	means a person or party using Transmission Network/System as agreed and permitted by the TSP.



4. **Unless otherwise specified:**

- (a) any reference to a numbered condition or to a numbered schedule is respectively a reference to the condition or the schedule bearing that number in this licence;
- (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the condition or schedule in which the reference occurs; and
- (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, code or other instrument shall include a reference to such agreement, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any part, condition, schedule or paragraph shall not affect the construction thereof.

6. Where any obligation of the Licensee is expressed to require performance within a specified time limit, that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit. The extension of the time limit for performance shall be without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit.

7. In this licence, the word "include" shall be construed without limitation.

8. Should any provision of the conditions of this licence cease to be effective, that provision shall be deleted from the Conditions and the remaining provisions shall continue in full force and effect.

9. In the event of any inconsistency between this licence and the Act, the Act shall prevail to the extent of such inconsistency.