

ANNEX 5

APPLICATION PROCEEDINGS FOR REGISTRATION, PERMIT OR TRIPARTITE CONTRACT

These proceedings for a Permit/Tripartite Contract shall guide the Mini-Grid Developers to make use of the NERC Mini-Grid Regulations, 2016. It shall not replace the regulation itself. In case of any conflict between the regulations and this document, the regulations shall prevail.

1. KEY CONSIDERATIONS

In order to apply for a Permit or the approval of a Tripartite Contract, the process differs if the main grid is already present in the area where the project will be developed or the site is off-grid.

Where an area has no existing distribution grid, the area is considered as unserved and may receive an Isolated Mini-Grid.

Where the grid is present but the area is poorly electrified or has a non-functional distribution-grid, it is considered as underserved and is eligible for an Interconnected Mini-Grid.

2. UNSERVED AREAS – ISOLATED MINI-GRIDS

The entire application process for unserved areas is summarised in the figure 1 (left part) and 2 located at the end of this document. In these figures, the steps are described from the point of view of the Mini-Grid Developer.

STEP 1: IDENTIFICATION OF THE ELIGIBILITY OF UNSERVED AREA

In order to be eligible, the area selected must meet the following conditions:

- The area is being unserved.
- The area must not have been assigned to an IEDNO (Independent Electricity Distribution Network Operator) or any other Mini-Grid Developer.
- The area is not part of an already existing expansion plan (5-year plan) of a DisCo. Where it is identified that the area is part of an expansion plan of a DisCo, the Mini-Grid Developer needs the consent of the DisCo before the area identified becomes eligible.

If the area identified fulfils all the requirements listed above, the process can continue and the contact with the Community can be established.

As a repository of the expansion plans of the DisCos and applications from IEDNOs and other Mini-Grid developers, NERC may also assist Mini-Grid developers in identifying a suitable area that fulfils the above mentioned criteria. Federal and State authorities responsible for electrification should also be consulted.

STEP 2: CONTACT WITH THE COMMUNITY AND SETTLEMENT OF AN EXCLUSIVITY PERIOD

Now, that the area located can potentially receive an Isolated Mini-Grid, the Community concerned should be contacted in order to know whether the local population is interested in benefitting from the services provided by the Mini-Grid Operator.

Both, the Community or the Mini-Grid Developer can approach the other party to start negotiations.

At that stage, the Community and the Mini-Grid Developer can decide to set an exclusivity period.

This exclusivity period is used to investigate the feasibility of implementing a Mini-Grid at the location and ensures that no other operator is conducting any other feasibility during the investigation period.

The exclusivity period is an agreement only between the Community and the Mini-Grid Operator is only valid up to 12 months. This period could then be extended once and only for a further 12 months subject to the approval of the Commission.

If at the inception, the Mini-Grid Operator needs an exclusivity period of more than 12 months, it can also enter into an exclusivity agreement. However, this would need to be justified, submitted to the Commission and the agreement approved by the Commission.

The Annex 1A of the NERC Mini-Grid Regulations, 2016 (called “Agreement for exclusivity period”) provides a form that shall be used to draft the exclusivity agreement.

STEP 3: SIZE OF THE SYSTEM AND REGISTRATION

If the power distributed by the isolated Mini-Grid is larger than 100 kW, the Mini-Grid Developer will need to apply for a mandatory Permit. If the Generation Capacity of the power station installed is larger than 1 MW the plant is not a Mini-Grid under this regulation and other regulations apply. Generation Capacity is defined as the guaranteed active power that a generation plant can supply to a load or network at any point in time under the given environmental constraints (temperature, humidity, etc.) and a power factor of 0.8 (inductive) for at least one hour under the assumption that the plant is well maintained and fully functional;

If the power distributed by the isolated Mini-Grid is below 100 kW, the Mini-Grid Developer can voluntarily apply for a Permit following the same procedure as for the mandatory permit.

A distribution network distributes a power up to 100 kW if the average active power fed into the distribution network in each 15 min interval of its operation period is below or equal to 100 kW.

In case it is granted with the Permit by the Commission, the Mini-Grid Operator will be entitled to receive a compensation before the Mini-Grid can be connected to the main distribution grid

and will enjoy any other protection given to the Mini-Grid Operator under the Mini-Grid Regulations, 2016.

The Mini-Grid Operator that has been granted a Permit will need to establish an agreement with the beneficiary community. The Mini-Grid Operators may decide to use the template included in Annex 12.

In case the Mini-Grid Developer decides not to apply for a Permit, it shall register by submitting the registration form called “Registration form for Mini-Grids smaller 100 kW” (Annex 2 of the NERC Mini-Grid Regulations, 2016).

3. UNDERSERVED AREAS – INTERCONNECTED MINI-GRIDS

The entire application process for underserved areas is summarised in the figure 1 (right part) and 3 located at the end of this document. In these figures, the steps are described from the point of view of the Mini-Grid Developer/Operator.

STEP 1: IDENTIFICATION OF THE ELIGIBILITY OF AN UNDERSERVED AREA

In order to be eligible, the Community concerned should be first contacted in order to know whether the local population is interested in benefitting from the services provided by the Mini-Grid Operator. The Community selected should meet the following criteria:

- The Community is being underserved. The Main grid is present in that area, but does not provide a sufficient level of service to meet the Community’s electricity demand.
- The Community is ready to pay higher tariffs than the Main grid tariff in order to improve the reliability of electricity supply.

STEP 2: CONTRACT WITH THE DISTRIBUTION LICENSEE AND SETTLEMENT OF AN EXCLUSIVITY PERIOD

Once it has been established that the area located can potentially receive an Interconnected Mini-Grid, the Distribution Licensee should be contacted to know if it would be willing to enter in a Tripartite Contract (refer to Annex 11 for a proposed template).

At that stage, the Community, the Mini-Grid Developer and the Distribution Licensee can decide to set an exclusivity period.

This exclusivity period is used to investigate the feasibility of implementing a Mini-Grid at the location and ensures that no other operator is conducting any other feasibility study during the investigation period.

The exclusivity period is an agreement between the Community, the Mini-Grid Developer and the Distribution Licensee valid for up to 12 months. However, this period can be extended once and only for a further 12 months subject to the approval of the Commission (refer to Annex 1B).

If at the inception, the Mini-Grid Developer needs an exclusivity period of more than 12 months, it can also enter into an exclusivity agreement. However, this would need to be justified to the Commission and the agreement approved by the Commission.

The Annex 1B of the NERC Mini-Grid Regulations, 2016 (called “Agreement for exclusivity period for Interconnected Mini-Grid”) is the document to use in order to set an exclusivity period.

STEP 3: TRIPARTITE CONTRACT AND REGISTRATION

An agreement between the Connected Community, the Mini-Grid Operator and the Distribution Licensee must be reached and a Tripartite Contract (Annex 11 of the NERC Mini-Grid Regulations, 2016) must be established.

The contract is then submitted to NERC for approval.

APPLICATION PROCESS FOR A PERMIT OR TRIPARTITE CONTRACT PURSUANT TO
S.7, S.8 AND S.9

1. Form of Application

- a. In case of a Permit, the application shall be in the form specified in Annex 3 below and shall contain the information specified therein. In case of a Tripartite, the Mini-Grid Developer shall submit the Tripartite Contract, as agreed with the DisCo and the Beneficiary Community, for approval.
- b. The application shall be addressed to the Secretary of the Commission, and delivered by hand or sent by regular mail or courier to the Commission's headquarters.
- c. The application shall be signed and dated by the applicant or authorized representative of the applicant.
- d. The application shall be submitted in three paper copies and an electronic version in Microsoft Office software format.
- e. The applications for the Permit or Tripartite Contract must contain all the information specified in the Application form or the Contract respectively.

2. Acknowledgement of the Application

On receipt of the Application, the Commission shall note thereon the date of its receipt, and shall send to the Applicant an acknowledgement stating the date of receipt.

3. Approval or Refusal of Permit/Tripartite Contract

- a. After due consideration of the Application, the Commission shall issue or refuse to issuance of the Permit/Tripartite Contract.
- b. The period between the acknowledgement of receipt of the Application as specified in Paragraph 2, and the date on which the Commission notifies the Applicant of its decision or proposed decision to approve or refuse the Permit/Tripartite Contract as the case may be, shall not exceed thirty (30) days.
- c. Where the Commission has approved a Permit/Tripartite Contract, the Commission shall inform the Applicant of such approval and the conditions to be satisfied before the grant of the Permit/Tripartite Contract.
- d. If the Commission intends to refuse the issuance of a Permit or approval of a Tripartite Contract, it shall notify the Applicant in writing of its intention stating the reasons for the decision.
- e. The Applicant shall have the opportunity to make adequate representations to the Commission within thirty (30) days of the Applicant's receipt of the notification from the Commission of the refusal of a Permit/Tripartite Contract.
- f. The Commission shall consider the representation made by the Applicant and shall, if the representation is unsuccessful, or no representation was made, duly notify the Applicant in writing that the Application for a Permit/Tripartite Contract has been refused.
- g. The reasons for refusing the Permit shall be clearly stated in writing by the Commission to the Applicant.

Fig. 1: Isolated or Interconnected Mini-grid

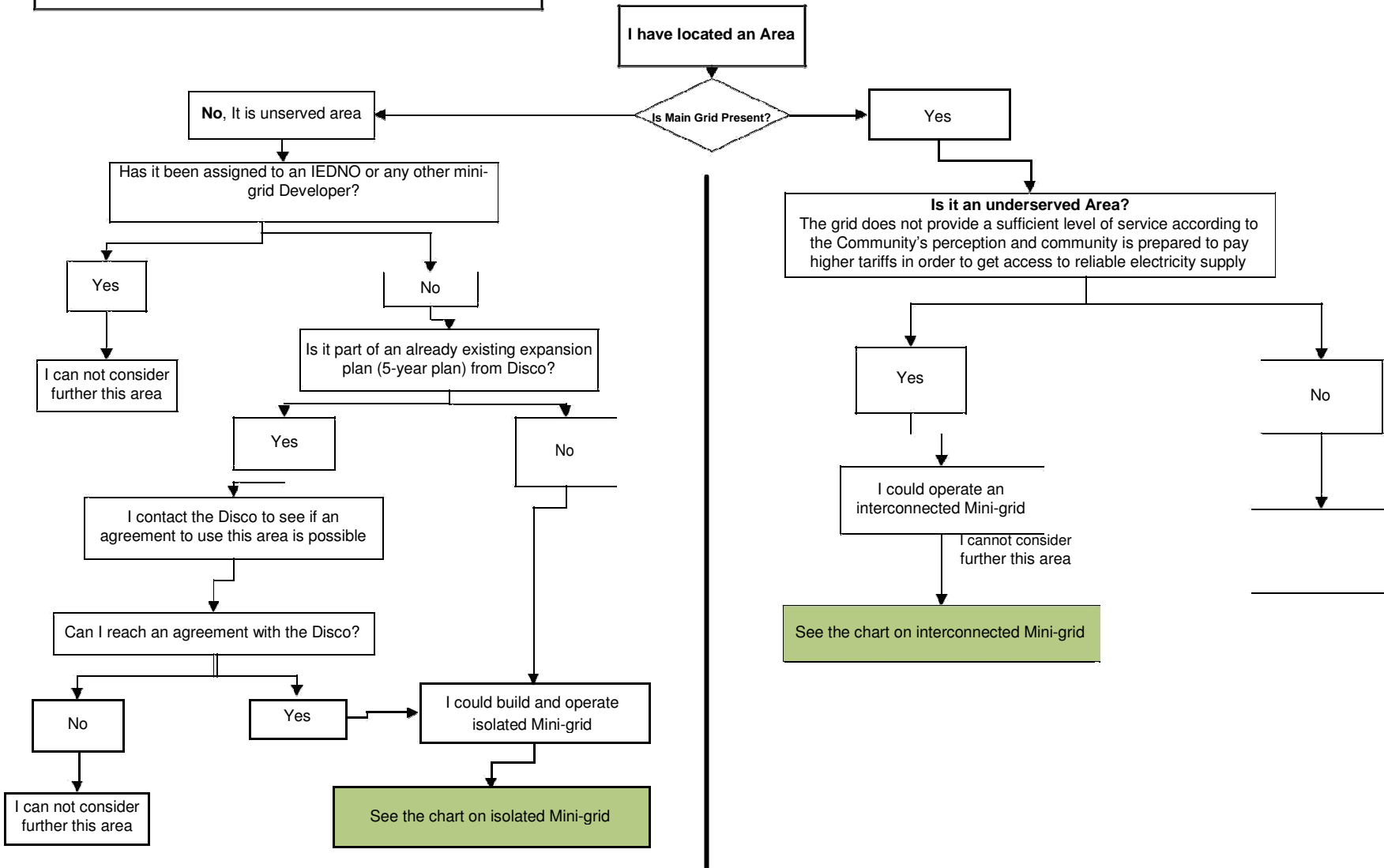


Fig 2: Interconnected Mini-grid



Fig 3: Isolated Mini-grid

