AN APPLICATION FOR A LICENSE

To: Energy Regulatory Commission
Subject: An application for a License

Our company . . . . . /company' name/ . . . . . /local address/ would like to apply for a license of . . . . . /type of activity/ according to the Law on Energy of Mongolia.

We do have financial and technical capability to perform, and satisfy all requirements: . . . . . of above mentioned activity. Documents are correctly prepared and enclosed with the application.

We will comply with Law on Energy, Law on operational licenses of Mongolia, requirements for license and other legislation. We also will respect consumer right.

APPLICANT: HEAD /DIRECTOR/ OF COMPANY . . . . . .
/signature/

SENIOR ACCOUNTANT . . . . . .
/signature/

p/o address:
phone:
fax:
e-mail address

DOCUMENTS SHALL BE ENCLOSED TO
AN APPLICATION FOR A LICENSE

A License for Dispatching

1. State registration /A copy shall be approved by notary organization and enclosed/
There shall be also enclosed a company introduction related to its establishment, structure, type of capital, type of activities, scope of services, foreign investments, projects that are being implementing or will be implemented by assistance and loan, sources of financing, debt, receivables, statements of financial capability which are shown by diagrams, and other specifications.

2. Technical and economic basis
a/ Necessity of Dispatching:
• Consumption and generation are performed at the same time.
• The Energy System development
• Importation and exportation
• Load changing of year, month, and day
• Accounting between generators or generator and transmitter
• Emergency recovery
• How actual dispatch is monitored
• Performance plan
• To perform function switch

b/ Feasibility of Dispatching
• Established in . . . /start date/ and has experience to perform transmission
• A list of equipment, technical personnel and software
• Completion of Legislation
• Study of Law on Energy and requirements for license
• Contracts and agreements made with other licensees

c/ Calculation on expenses of Dispatching
d/ Profit or loss to be achieved

3. Study of energy resources to be used for energy transmission
Agreement on required MW of capacity storage to recover the lack of system capacity, in case of emergency circumstances in the electricity section shall be concluded and attached.

4. Type, quantity and quality indicators of product
• Capacity of Energy system and consumption balance for last 5 years and the next 5 years
? Instrument which regulates voltage level of system, regulating methods, rules and procedures shall be enclosed
? Instruction related to the system frequency and place where frequency to be regulated
? Measures, rules and procedures to decrease loss of electricity transmission line

5. Main characteristics of equipment to be used for operation
a/ software support
• Short break current software calculation
• Static balancing software calculation
• Dynamic balancing software calculation
• Neutral performance calculation
• Performance software to be distribute load between plants
• Network diagrams and procedures of communication system
• Operation monitoring
• Length, quantity and transmission capacity of line
• Relay type blocking and automatics set on transmission line
b/ Communication instrument
c/ Emergency shut down instrument of system /automatics, their calculation settings, emergency writing instrument, etc/
d/ legislation to be complied /Rule of dispatching Center, Rule of system, business rule, and agreements made between Licensees on exportation and importation of electricity, etc/

6. Scope of service, boundaries of ownership, energy generation, supply and consumption balance
• Complete diagrams showing scope of electricity network service /220/110/35kV
• Calculation diagrams of electricity network
• Location diagrams of electricity network

7. Sources of financing and financial capability
• Study and information on financing and capital resourse and capability, financial activity, foreign and domestic loan, debt and receivables of company or organization
• Profit and loss calculation on the price and tariff of operation

8. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skill, experience and qualification status.

A License for Electricity Transmission

1. State registration /A copy shall be approved by notary organization and enclosed/

There shall also be enclosed a company introduction related to its establishment, structure, type of capital, type of activities, scope of services, foreign investment, projects that is being implementing or will be implemented by assistance and loan, sources of financing, debt, receivables, statements of financial capability which are shown by diagrams and other specifications.

2. Technical and economic basis
a/ Necessity of electricity transmission:
• Scope of service
• Location of the generator and the consumer
• Development of electricity network., etc

b/ Feasibility of electricity transmission
• Established in . . . /start day/ and has experience to perform transmission
• A list of equipment, technical personnel and software
• Completion of Legislation
• Study of Law on Energy and requirements for license
• Contracts and agreements made with other licensees etc..

c/ Profit, loss and cost calculation of electricity transmission

3. Indicators of type, quantity and quality of electricity to be transmitted
• Quantity of electricity and capacity balance
• Study of network loss /by voltage level/
• Instrument which regulates voltage level of system, regulating methods, instructions, and procedures shall be enclosed
• Rules and procedures related to the decreasing of transmission network loss

4. Main characteristics of equipment to be used for operation
a/ main equipment
• All characteristics of main equipment of transmission network
• Relay and automatics set on transmission line
• Electricity meters installed between generator and transmitter, or between transmitter and distributor, calculation methodology, diagrams and drawings also shall be enclosed.
• Other transmission and communication lines connected with roads or railway /by location/
• Study on machines to be used for operation
• Legislation to be complied /Rule of dispatching Center, Rule of energy system, business rules, and agreements made between Licensees for generation, distribution of electricity, etc/

5. Scope of service, boundaries of ownership, and balance of energy generation, supply and consumption
• Complete diagrams showing scope of electricity grid service /220/110/35kV
• Calculation diagrams of electricity grid
• Location diagrams of electricity grid

6. Assessment of the environmental impact
• To assess environs of electricity transmission line
• To assess safety zone of electricity transmission line
• Environmental assessment of new construction

7. Action plan for environmental protection
Implementation period, expenses of action plan which are based on the conclusion of above mentioned assessment shall be enclosed to application.

8. Sources of financing and financial capability
• Study and information on financing and capital resource and capability, financial activity, foreign and domestic loan, debt and receivable of company or organization

• Profit and loss calculation on the price and tariff of operation

9. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skill, experience and qualification status.

A license for Importation and Exportation of Electricity

1. State registration. /A copy shall be approved by notary organization and enclosed/
There shall also be enclosed a company introduction related to its establishment, structure, type of capital, type of activities, scope of services, foreign investment, projects that are being implementing or will be implemented by assistance and loan, sources of financing, debt, receivables, statements of financial capability which are shown by diagrams and other specifications.

2. Technical and economic basis
a/ necessity of importation or exportation of electricity
• Technical and economical feasibility of the company
• Quantity of electricity to be imported shall be defined by Authority
• Agreement with other parties for importation and exportation of electricity
• Business agreement with the Dispatching center related to the regulation of importation and exportation activity
• Agreement or protocol made with Transmission Network related to the distribution and calculation of imported and exported electricity loss
• Study of Law on Energy, and requirements of license
• Agreements and contracts made with other licensees
• Cost calculation on importation and exportation of electricity
• Profit and loss calculation on the price and tariff of operation
• Principles to be observed for importation and exportation of electricity, action plan, and disadvantages at present

3. Indicators of type, quantity and quality of electricity to be imported and exported
• Capacity of Energy system and consumption amount for last 5 years and the next 5 years
• Capacity, quantity, contract price, line loss, transmission cost and payment status of imported and exported electricity at the above mentioned time
• Calculation method and methodology to monitor performance of importation and exportation of electricity.
• Technical and organized measures taken to normalize voltage level of main network
• Rules and procedures related to the decreasing of transmission line loss and free charge of electricity exportation, shall be enclosed.

4. Main characteristics of equipment to be used for operation
• Contract for use of transmission line or main characteristics of using equipment
• Automatics, safety and communication tools
• Calculation diagrams of transmission line
• Legislation to be complied / operation manual of 2 sides, Agreement with other licensees for transmission, Distribution, and Dispatching/

5. Sources of financing and financial capability
• Study and information on financing and capital resource and capability, financial activity, foreign and domestic loan, debt and receivable of company or organization
• Profit and loss calculation on the price and tariff of operation

6. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skills, experience and qualification status.

A License for Regulated Supply of electricity and heat

1. State registration /A copy shall be approved by notary organization and enclosed/
There shall also be enclosed a company introduction related to its establishment, structure, type of capital, human resource, type of other operational activities.

2. Technical and economic basis
a/ technical and other feasibility of company to perform electricity and heat transmission
b/ economic calculation and research of profit, loss and cost which a company can get from generation of electricity and heat

3. Type, quantity, and quality indicators of energy to be supplied
a/ Quantity and quality statements of purchasing electricity and heat from plants, and distribution and transmission networks / voltage level, frequency, pressure, temperature and etc./
b/ Study of line, substation, pump station and consumers that do not satisfy requirements of energy quality
c/ study and information on quantity of interruption and restriction of consumer's energy supply shall be done in detail

4. Main characteristics of equipment to be used in operation
a/ study and information on meters installed at the boundaries of ownership, their supply for consumers, technical indices, operational conditions, energy balance and monitoring
b/ characteristics of meters and metering tools, and their maintenance condition
c/study and information on system of selling payments, and loss of distribution line;

5. Scope of service, ownership boundary, energy generation, supply, and consumption balance
a/ drawing and diagrams shown the area where electricity and heat supply /selling/ performed
b/ fundamental and location diagrams of distribution network which is used for energy supply
c/ structure and classes of consumers, / natural consumer , budget organizations and enterprises/ their energy consumption, requirements of agreements to be made with them
d/ balancing of electricity and heat which were purchased from plants and transmission, distribution /other/ networks and sold to consumers
e/ to classify loss of selling energy by consumers location and line feeder.
6. Sources of financing and financial capability
Study and information on financing and capital resource and capability, financial activity, foreign and domestic loan, debt and receivable of company or organization;

7. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skills, experience and qualification status.

A License for Distribution of Electricity and Heat

1. State registration /A copy shall be approved by notary organization and enclosed/
There shall also be enclosed a company introduction related to its establishment, structure, type of capital, human resource, type of other operational activities.

2. Stamp duty
A company shall pay tax, according to the Law on State mark and send it to ERA.

3. Technical and economic basis
a/ technical and other feasibility of company to perform electricity and heat distribution
b/ economic calculation and research of profit, loss and cost which a company can get from distribution.

4. Type, quantity, and quality indicators of energy to be distributed

a/ Quantity and quality indicators of distributing electricity and heat by own line / voltage level, frequency, pressure, temperature and etc./
b/ Study of line, substation, pump station and consumers that do not satisfy requirements of energy quality
c/ study and information on quantity of interruption and restriction of consumer's energy supply shall be done in detail
d/ study and information on capacity limit of distribution line

5. Main characteristics of equipment to be used in operation
a/ length of line, and technical loss /line voltage /
b/ capacity, quantity and technical loss of substation, heat distribution center, and pump station /by all level of capacity/
c/ operational condition of line, substation, heat distribution center, pump station and other equipment at present
d/ safety reserve of spare parts and equipment, for example: wire for line, support
e/ study of machine and equipment to be used in services of operation and maintenance

6. Scope of service, ownership boundary, energy generation, supply, and consumption balance
a/ drawings and diagrams showing the area where electricity and heat distribution performed
b/ fundamental and location diagrams of distribution network
c/ balancing of electricity and heat which were purchased from plants and transmission, distribution /other/ networks and sold to consumers

7. Assessment of the environmental impact
A Company shall assess line environs and safety zone conditions.

8. Action plan for environmental protection
Action plan shall be based on the assessment of the environmental impact.

9. Sources of financing and financial capability
Study and information on financing and capital resource and capability, financial activity, foreign and domestic loan, debt and receivable of company or organization;

10. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skills, experience and qualification status.

A License for Generation of Electricity and Heat

1. State registration. /A copy shall be approved by notary organization and enclosed/
There shall also be enclosed a company introduction related to its establishment, structure, type of capital, human resource, type of other operational activities.

2. Technical and economic basis
a/ technical and economic feasibility of company to perform electricity and heat generation using certain type of equipment
b/ economic calculation and research of profit, loss and cost which a company can get from generation of electricity and heat

3. Type, quantity and quality indicators of energy to be generated
a/ quantity of electricity and heat to be generated, transmitted and distributed, and their quality indicators /voltage level, frequency, pressure, temperature and etc./
b/ Study of line, substation, pump station and consumers that do not satisfy requirements of energy quality
c/ study and information on quantity of interruption and restriction due to technical reason
d/ study and information on capacity limit of distribution and transmission lines

4. Main characteristics of equipment to be used in operation
a/ length of line, and technical loss /line voltage /
b/ capacity, quantity and technical loss of main and auxiliary equipment, substation, heat distribution center, and pump station /by all level of capacity/
c/ operational condition of line, substation, heat distribution center, pump station and other equipment at present
d/ emergency reserve and reserve and capacity to be generated
e/ study and information on meters installed at the boundaries of ownership, their supply for consumers, technical indices, operational conditions, energy balance and monitoring
f/ safety reserve of spare parts and equipment, for example: wire for line, support for substation
g/ study of machine and equipment to be used in services of operation and maintenance
h/ water reserve and communications

5. Scope of service, ownership boundary, energy generation, supply, and consumption balance
a/ drawings and diagrams showing the area where electricity and heat distribution performed
b/ fundamental and location diagrams of distribution network
c/ electricity and heat balancing which were purchased from transmission, distribution /other/ networks and distributed to the consumers, location of meters and their certification.

6. Assessment of the environmental impact
A company shall assess its line environs and safety zone conditions.
7. Action plan for environmental protection
Action plan shall be based on the assessment of the environmental impact and monitored by the Ministry of Environment.

8. Sources of financing and financial capability
Study and information on financing and capital resource and capability, financial activity, foreign and domestic loan, debt and receivable of company or organization;

9. Description of skills and experience of technical personnel
Study and information on technical personnel, wage fund, qualification, education, duration of employment, skills, experience and qualification status.

Decision term of an application for License

• The Regulatory Commission and Regulatory boards of Aimags and the capital city shall make decision within 60 days from the date of receipt of the application for a license.
• In case the application and enclosed documents fail to meet the requirements, they shall be returned to the applicant within 10 days from the date of receipt.
• The decision to issue license or justification for refusal shall be published.
• A license shall be granted to a financially capable legal entity, which possesses experience or is able to operate in the given field.
• In case several legal entities submit applications for the same type of license, the license shall be granted on the basis of competitive tendering.

Term of License and its Extension

• The term of a license for energy generation and transmission shall be 5 to 25 years; the term of a license for construction of energy facilities shall be up to 5 years; terms of other licenses shall be up to 10 years
• If the licensor considers that the Licensee has been properly meeting conditions and requirements of the license and that its normal operations can be sustained further in terms of technical and technological requirements, the licensor shall extend the license for up to 25 years.
• An application for extension of the license shall be submitted no later than 180 days prior to the expiry of the term of the license.