Appendix 1
Resolution #263
Government of Mongolia
2001

RULES OF ELECTRICTY CONSUMPTION

One. General provisions

1. The purpose of this Rule is to regulate interactions between the consumers and electricity transmission, distribution and supply licensees /hereinafter refers " Transmitter", "Distributor", "Supplier"/ in order to implement the Energy Law.
2. In this Rule, the following terms shall have the following meanings:

    1. " Boundary of ownership " means dividing point of ownership of electricity transmission and distribution network of transmitter, distributor, supplier and consumers;

    2. " Point of consumption measurement" means the point of connection of measurement equipment of electricity transmission and distribution network for determination of amount of electricity supplied to the consumers;

    3. "Measuring equipment" means the electrical meters, capacity meters, transformers and the connection units installed in the point of consumption measurement;

    4. "Monitoring measurement equipment" means the electrical meters, capacity meters, transformers and the connection units installed for the purpose of monitoring;

    5. "Direct loss" means the quality defects of products and the damage of electrical facilities occurred to the consumption because of interruption of the electricity supply and the fluctuation of the quality indications;

6. "Electrical equipment" means the equipment for electricity generation, transforming, transmission, distribution and consumption;

7. "Connection capacity of consumers" means the total transformers of the consumers connected to the network and the total capacity of electricity generators with more that 1000 V as well as permitted capacity taken from the network of less than 1000 V;

8. "Requested maximum capacity" means the amount of maximum capacity of electricity supply during the peak load of the network agreed between the supplier and consumer during;

9. "Independent electric generator" means the generator, which supply the consumers with electricity independent from the permanent electrical generators.

Two. Provision of technical conditions to consumers

3. The consumer shall request technical conditions from the supplier every time there is a need to connect new equipment to the transmission and distribution network, increase the capacity.

4. The consumer shall apply for the technical condition to the transmitter or distributor. The application shall include the requirement for getting the technical condition, location and permission of use and ownership, the capacity of electricity consumption and the classification of electricity consumption.

5. In case of issue the technical condition to the consumers the transmitter and distributor shall comply with the Connection rule approved by the Energy Regulatory Authority and shall reflect the Development program and the technical ability of electricity network of the area.

6. In order to issue the Technical condition it comply with the Rule of installation of equipment and the following conditions:

1. In case of having the permission for production activities in the condominium to connect the three phase electrical equipment upto 1.3 kW to switch board of the floor; In case the capacity is between 1.3-10.0 kV it shall be decided according to 6.2. of this Rule.

2. In case the supply cable of the house is not overloaded the three phase electrical equipment with 10 kW installed capacity of the basement and the first floor of the building shall be installed in the switch board room of the building.

   In case the installed capacity is over 10 kW or less than 10 kW and the supply cable will be overloaded the line will be connected to nearest transformer sub-station.

3. In case the capacity of transformer substation and the line of consumers connected to 0,4 kV is insufficient the consumer shall have the responsibility for required costs of increase the capacity of substation and the line (price difference, related service fee) and it shall be left as an ownership of the distributor (This Article is not subject to the owners of the geer district located in the area of the general plan of the city and the counties.);

4. The consumers with more than 40kV installed capacity could build own substation.
   In case the main line of 6 (10) kV, which supply the area with the electricity and the capacity of 35, 110 kV transformers are insufficient, it should be decided and issue the technical condition in accordance with the long term plan of the city, soum and the district:

5. In case of connection of other consumers using the electrical equipment of the consumer, who owns it, the supplier shall agree in advance the service fee for

transmission of electricity using the electrical equipment of the owner according to the Article 16.3. of this Rule;

6. The supplier shall have the responsibility for distribution issues connecting the three phase electrical equipment of 0,4 kV with total installed capacity of 10 kW of geer district.

7. The transmitter and the distributor shall decide the request of the consumer for technical condition within 14 days of receiving the request. The Technical condition shall include the following issues:

    1. Connection point (power plant, substation, transmission and distribution network), it's level of voltage, type of network;

    2. The requirement for extension of electricity network in relation with increased demand and connection to new customer (increase of diameter of the line, increase of capacity of transformer, install of additional board etc.);

    3. The requirement for the level of short circuit current, relay protection, automation, communication, insulation and protection for overload voltage;

    4. Regulation of reactive capacity;

    5. Calculation of the electricity;

    6. Demand on equipment for stabilization of quality indications and equipment for inspection of electricity quality;

    7. Recommendation for one type design of electrical equipment;

8. Requirement for consumer electrical equipment (protection in inlet, reserve feeder for automatic converting of important consumption, stand-by generation during the emergency etc.)

9. Operation and safety of the consumer electrical equipment;

10. List of consumers for connection to the network, load forecast, electricity consumption.

8. The consumers and the scheme design organization shall be mandated to comply with technical connection conditions issued by the supplier.

9. Validity period of technical conditions shall be 1 to 3 years depending on the amount of work to be accomplished.

10. The completed schemes submitted by scheme design and customer organizations shall be reviewed by the relevant transmitter and distributor before the construction and installation work.
    The transmitter and distributor shall review the decision of the design, technical condition, the standard of installation and construction of electrical equipment as well as revise the status of implementing the requirement of the rule and shall inform within 10 days the possibility of connection to the network. In case of requirement of additional revision the inspection period shall be extended for one month.

11. A customer organization or the consumer shall pay the fee as set up by the Connection rule to obtain technical conditions and permission for a new connection to the electricity transmission network..

12. The supplier who issued technical conditions shall be liable for damages occurred due to inadequate and unjustified estimations of technical conditions.

Three. Electricity supply contract

13. The consumer and supplier shall establish the Energy supply contract according to the Article 28 of the Law on Energy.The consumer shall have the right to consume electricity upon signing a contract.

14. According to the Article 27.3. of the Law on Energy the consumers eligible to receive unregulated supply have the right to choose either regulated or unregulated supply.

15. Electricity supply contracts signed with individuals (household) shall specify the amount of energy to be consumed, quality, payment procedures, operation and safety of the electrical equipment, fire protection, rights, duties and responsibilities of the parties, rules for estimating the amount of compensation and damages, and other necessary issues.

16. Electricity supply contracts signed with legal entities shall reflect the following issues:

1. In addition to matters described in the provision 15 of this Rule,

A/ consumer classes, capacity of electrical equipment (reserve feeder, reserve feeder automatic switch, stand-by generator);

B/ capacity of consumers connected to the network, energy consumption;

C/ electricity outage, damage, the contact address and telephone number of consumers and suppliers who shall receive the information on settlements;

D/ type of payment;

E/ collateral.

2. In case the supplier requires the followings shall be included in the Contract :

A/ maximum purchased capacity;

B/ reactive capacity regulation schedule according to the provision 47 of this Rule;

C/ Rule on communication with the legal person /distributor, consumer/ , who shall carry out the operative service of electrical equipment.

3. The consumer shall have the followings reviewed by the supplier and attach to the Contract:

   A/ boundary of ownership of electricity network;

   B/ technical description and electricity network scheme;

   C/ operation regime agreed with the supplier, setting of protection and automatic equipment;

   D/ location and data of metering unit;

   E/ formula for determining the network loss from the boundary of ownership to metering point of consumption (including the outlet);

   F/ amount of service payment for electricity transmission through the consumer electrical equipment according to the Article 30.1.11. of the Law on Energy;
   In setting up the service payment it shall follow the amount of depreciation of the consumer electrical equipment.

4. In case of amendment of the condition of Article 24. of this Rule the consumer shall have include the amendment within 3 days and have reviewed by the supplier.

17. The ownership borders of the network shall be clearly determine the location, name, identification number and the voltage of the electrical equipment and electricity supply scheme and shall be established according to the following:

1. by the first or last connection of the aerial or cable lines;

2. by sub-station of electric transformer and switches of the distribution board;

3. by outlet of the transformer;

4. by non-movable part of breaker of the switching board;

5. by crossboard of open switching board .

18. The following responsibilities shall be the normal condition of the connection of ownership board:

1. If the ownership board locates in the aerial cable or in crossboard of open switching board it will own the crossboard and the main aerial cable;

2. If the ownership board locates within the substation and the switching board it will own the substation and the switching board;

3. Distributor of the inlet and outlet cable of the main switch board of the condominium.

19.After the notification of the Energy regulatory authority about changes in energy tariffs according to the Article 27.5. of the Law on Energy the suppliers and consumers shall make amendments on the contract. No amendments on the contract will be a subject to deviate the changed tariff .

20. Based on Contract with the owner the supplier can establish the electricity supply contract with legal person, temporary resident, who carry out operation activity in the

place of owners. In case such a contract has not been established the electricity supply shall be regulated according to the contract made with the owner.

21. The supplier shall not have the right not to accomplish the duties described in the Electricity supply contract.

Four. Connecting the consumer to the electricity transmission network

22. Newly constructed facilities and renovated facilities shall meet the requirements for installation and construction standard, rules and requirement of technical conditions.

23. The client (user) shall conduct an on-site inspection in accordance with acts and protocols based on results of tests and experiments conducted jointly by the facility/construction customer, utilizing and executing organizations and shall issue an official permission of the supplier after signing a new supply contract or making appropriate amendments to the existing contract.
    Based on above permission the transmitter and the distributor shall connect the facility/construction to the electricity transmission network and voltage.

    24. It is prohibited to accept if any incomplete work is discovered during the assembling of transmission network and fails to meet the requirements set in the provisions 8 and 13 of this Rule.

Five. Rights and obligations of consumers

25. The consumer shall have the following obligations related to continuous and reliable operations of the electrical equipment of his ownership other than specified in the Article 30. Of the Law on Energy:

    1. to appoint the person responsible for operation and safety of the electrical equipment of the ownership;

2. in case of outage of electricity or supply with electricity, which not meet requirements of quality standards because of fault of the supplier, the consumer shall inform it to the supplier in due time;

3. Shall regularly have conducted by the professional organization and staff preventive testing, inspection and maintenance measures of the electricity transmission network, equipment and protection devices in compliance with related procedures within the timelines set;

4. Shall comply with regimes and timelines of relay protection and automatics estimated and issued by the supplier;

5. Shall have in place accident preventive tools and fire-extinguishers;

6. Shall have sufficient number of handouts and instructions on operational safety, and tools and devices to protect employees operating electrical equipment; collectively with the supplier's representative shall examine employees knowledge of safety rules and technical operations and assign degrees of qualification;

7. Shall comply with the decision of the supplier to decrease electricity load of the consumer if any accidents occur in power plants or transmission network;

8. Shall comply with the requirement to remedy malfunctions detected during inspection conducted by the inspection organization or the supplier within the given period of time;

9. Shall make load measurement on the requirement of supplier and inform the result /not for household consumer/;

10. Shall provide the supplier with anticipated demand of electricity for coming year within July 20 of each year;

11. Resident shall be responsible for electrical network, internal connection, utilization of electrical equipment, safety operation and the requirement of fire protection of own apartment, garage, garden , cottage and farm;

12. Select a supply tariff to be used for payment from the published regulated supply tariffs;

13. The consumer shall immediately inform the transmitter, distributor and supplier in the following cases:

    A/ if measuring devices used for estimating extent of payment are districted or in circumstances when such destruction threatens to occur;

    B/ feeder has been cut and has no voltage; human and animals have been affected or threatened to be affected by electric currency;

    C/ destruction occurred or threatens to occur in the supplier's electrical equipment located on or near the territory of the consumer;

14. Implement the Protection rule, protect the electrical equipment in area of ownership, to make available the road, no ground and other work shall be implemented in the protection area of aerial and cable lines without permission of the supplier and consumer;

15. In case the consumers are out of supply of electricity, the supplier shall pay the damage and the consumer in fault shall reimburse the payment to supplier.

16. Electrical equipment in the consumer-owned sub-station and electricity transmission network shall be disconnected for repair and reconnected after repair only upon permission of the supplier.

17. The consumer shall not hinder the contingency service, operational and maintenance workers of the supplier that came to inspect and repair the

sub-stations, switch gears and networks located on the consumer's territory from entering the territory any time.

18. The consumer shall inform the supplier of requirement of reliable supply with electricity during the organization of state ceremony,international conference, sport events in not less than 3 days before;

19. The consumer shall have tested by the suppliers the electrical equipment, which have seasonable operation and have it connected to the network.

Six. Operations of measuring devices.

26. Every consumer shall be installed a measuring device to measure consumption of electricity. The consumer may install a measuring device in its units, place and equipment for the purpose of internal control.

27. Active and reactive devices for measuring electricity consumption (electricity measuring transformers etc.,) shall be repaired and adjusted in the laboratory of the authorized entity, and checked and sealed by the authorized organization.

28. Measuring devices, their connection circuit should be placed separately or together in one box or board. The box or the board should be made of iron/metal, placed motionless and earthen.

29. The consumer shall use a board designed by a detail designing organization or a board with approved measuring devices. A complete board should consist of the following details:

a) bushing switch;

b) electricity meter;

c) meter output connection;

d) measuring transformer (if necessary);

e) automatic or lightning rod.

30. The inspection for issuing shall be made in one-phase and three phase 380V electrical meters in 3 years, three phase 380V electrical meters in 2 years, one-phase and three phase electronic meters in 8 years, one-phase and three phase impulse meters in 3 years.

31. Repair and replacement of measuring device and changes in calculation circuit shall be completed only upon permission of the supplier. Connection and disconnection from the calculation circuit shall be completed in the presence of the supplier's representative.

32. The measuring device, meter cover/lid, the switch handle of the box with the measuring transformer placed in and the secondary circuit terminal cover/lid shall be sealed by an organization authorized to control the equipment.

33. The supplier shall be responsible for providing consumers with meters and installation of new meters, and the consumer shall be responsible for the related expenses. However, the meters for a newly constructed apartments and buildings shall be installed by the construction entity.

34. The entity, organization and individuals, who owns the meters shall be responsible for it's normal operation.

35. The disputes between the consumer and supplier on the operation of metering unit shall be solved by the authorized inspector.

Seven. Payment procedures

36. The metering unit shall be installed in the ownership boundary of transmitter, distributor, supplier and consumer.

If no installation of meters made in the ownership boundary, the loss of line and the transformer (load and exhausted flow) between the ownership boundary and the point of measurement shall be responsibility of network owner.

The consumer connected to above mentioned consumer's line shall be responsible for imposed per cent of electricity consumption.

37. The payment for energy consumption to be made between the supplier and the consumer shall be based on the reading of meters (otherwise is Article 38 of this rule) and estimated according to the pursued prices. If the electricity meter is connected to the current and voltage transformer, the amount of the electricity consumed shall be determined through multiplying the reading of the meter by the power factor of the transformer and adding the losses of the line and transformer.

38. If the meter fails to meet the requirements set in the Articles 27 and 32 of this Rule the payment shall be calculated in the following way: the number of knife switches and capacity of electrical appliances shall be multiplied by the number of hours of expected operations after the last inspection of utilization, safety operations and consumption calculations.

39. If the metering unit doesn't satisfied the requirement of the Article 27, 32 of this Rule or the disconnection made for inspection and repair from the distribution company the payment shall be made according to average electricity consumption of last three months.

40. In case the meter and other devices are out of order (the outer side or glass cover are broken, winding burned out, location changed etc.) the recovery payment shall be the responsibility of guilty party.

    The recovery and bring to normal operation of metering unit by the transmitter and distributor shall be carried out within one week.

41. The supplier and consumer shall jointly decide and include to next month calculation the difference of calculation because of fault of electrical equipment or person responsible for it.

42. If the consumer intends to leave his current location temporarily or permanently, the consumer shall have to notify the supplier 7 days in advance to the event and pay the electricity bill.

43. The apartment, cottage, land owning individuals, entities and organization shall make final payments before moving out and changing the place of living and get certification about that from the supplier . The new owning individuals, entities and organization of apartment, cottage, land shall ask this certification. If they didn't got this certification the new owner shall be responsible for the payment.

44. The supplier shall inspect the electricity payment of consumer at least once a month. The consumer, entity, organization and individuals could make the pre-payment for electricity consumption.

45. If the consumer consider, that the payment of the electricity is incorrect, they shall inform the supplier officially about that. The supplier shall solve the dispute within 7 days upon receive of notice. In case the supplier has not agreed the decision of supplier, the consumer may appeal to court.

Eight. Regulation of reactive capacity of the consumer

46. The large industrial consumers (connected capacity equaling 250 kV or more, the reactive power shall be not less that 10 per cent of connected capacity) shall install the reactive meters for the following purpose:

    1. define the real electricity amount, which shall be lost between the ownership boundary and the point of calculation of consumption through the reactive power factor;

    2. monitor the operation of condenser and synchronous motor according to the regime set up by the supplier.

3. The consumer shall install the condenser and the synchronous motor to network according to the technical condition issued by the transmitter and distributor.

   Their operational regime shall be set up by the supplier and consumer. The stimulation issue of the consumer depending on comply with the regime according to the approved rule of the Energy regulatory authority shall be reflected in the Contract.

Nine. Rights and obligations of suppliers.

48. The supplier shall have the following obligations otherwise indicated in the Article 29 of the Law on Energy:

1. Shall not restrict the electricity supply in the heating season for four hours otherwise indicated in the Article 32 of the Law on Energy;

2. In case the condition specified in the Article 32.2 of the Law on Energy has occurred in the consumer-owned electrical equipment it will suspended until the elimination of delinquency;

   The list of consumers, which should not be suspended their electricity shall be approved by the State central administrative authority.

3. In case the damage shall occur in the electrical equipment and network of generator, transmitter and supplier the energy supply shall be regulated according to the Article 6.1.4. of the Law on Energy;

4. To appoint the responsible person of the supplier.

The appointed person of supplier shall have the following duties specified in the Law on Energy and in the Electricity supply contract:

a) On site inspection of consumer electricity bill once a month;

b) Inspection of normal operation of electrical equipment of consumer;

c) Implement the provision of Article 48.1. of this Rule;

d) Shall review performance, impose penalty and backbill the consumer for the amount undercharged or overcharged;

e) Shall check the seal of meters, to renew the seal except the certification of meters.

5. The supplier shall review the request of the consumer on connection, disconnection, change of connection to electricity network and if the supplier consider that the technical condition satisfy the requirement,than the supplier will decide it within 3 days and start the work due to payment;

6. The electricity pre-paid consumer shall have discount for electricity bills;

7. Shall not restrict the consumer right, requesting other conditions than specified in the Article 32.2. of the Law on Energy and in the Contract.

Ten. Estimation and Compensation for Damages

49. The extent of damages occurred due to disruption of the electricity and fluctuation of quality indicators shall be proven by the document created by the supplier and the consumer collectively. The document shall include the hour, day, month and year of electricity disruption and fluctuation, its continuation, causes, shall clearly indicate name and position of the representative of the supplier and the consumer that determined the direct and indirect damages caused to industry and service and shall be signed and verified by the management/ administration of the supplier and the consumer entity. The document shall be developed collectively by the parties within five days after the damage occurs and the compensation for damages shall be paid by the responsible party within one month. A document developed by one of the parties shall not serve as grounds for compensating the damages.

50. In the following cases the supplier shall not bear any responsibility for damages caused to the consumer by interruption of the energy supply:

a) a natural disaster (lightning, hurricane, glaciating, water flood, fire etc.,);

b) Disruption of consumer electricity supply because of non-compliance of the regime agreed with the supplier;

c) Restriction and disruption of the electricity of the consumer on the grounds specified in provisions 9.1 b, 9.2 and 9.3 of this Rule.

Eleven. Control and liability

51. The state energy inspection organization, state inspectors and authorized officials of the supplier shall carry out control over the enforcement of the Energy Consumption Rules.
    The Consumer protection authority shall carry out public inspection.

52. In case the consumer has abused intentionally the electricity without permission or used without the metering unit, broken the meters, changed the scheme of the meter, made slower or stopped the disc of the meter, the backbilling (from the last date of inspection upto the date of reveal) shall be made according to the Article 38 of this Rule and the faulty individuals shall take liability according to the Article 37.1.5. of the Law on Energy;

53. Any dispute related to electricity supply and consumption that cannot be resolved by negotiation of the parties involved shall be solved by the Energy regulatory authority. In case of disagreement they may appeal to court.