

**Law No. (20) of 2018**  
**On the Establishment of the Emirates Water and Electricity**  
**Company**  
**"A Public Joint Stock Company"**

**We, Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi.**

- Having reviewed Law No. (1) of 1974 on the Reorganization of the Governmental Apparatus in the Emirate of Abu Dhabi and its amendments.
- And Law No. (2) of 1971 Concerning the National Consultative Council and its amendments.
- And Law No. (2) of 1998 Concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi and its amendments.
- And Law No. (14) of 2008 Concerning the Abu Dhabi Accountability Authority.
- And Law No. (1) of 2017 Concerning the Financial System of the Government of Abu Dhabi.
- And Law No. (11) of 2018 on the Establishment of the Department of Energy.
- And Federal Law No. (2) of 2015 Concerning Commercial Companies and its amendments.
- And Chairman of the Executive Council Resolution No. (26) of 2018 Concerning Additional Competencies for the Department of Energy.
- And based on the proposal submitted to the Executive Council, and the approval thereof.
- We have issued the following Law:

**Article (1)**

**Definitions**

In the application of the provisions of this Law, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

The State:	The United Arab Emirates.
The Emirate:	The Emirate of Abu Dhabi.
The Government:	The Government of Abu Dhabi.
The Executive Council:	The Executive Council of the Emirate.
Abu Dhabi Power Corporation:	A limited liability company established under the provisions of the aforementioned Law No. (2) of 1998.
Abu Dhabi Water and Electricity Company:	A private joint stock company, established under the provisions of the aforementioned Law No. (2) of 1998.
The Company:	Emirates Water and Electricity Company (a public joint stock company).
The Board of Directors:	The Board of Directors of the Company.
Subsidiary:	Any company in which the majority of shares or stocks are owned directly or indirectly by the Company.
Competent Authority:	Any federal or local entity entrusted with regulating and supervising the water and electricity sector.
Licensed Production Entity:	The entity licensed to produce, treat, desalinate, and store water, or generate and store electricity.
Licensed Transmission Entity:	The entity licensed to transmit water and electricity.
Licensed Distribution Entity:	The entity licensed to transport, distribute, supply, or sell water or electricity.
Side Sales System:	The sale of water or electricity by Licensed Production Entities to persons other than the Company.

## **Article (2)**

### **Establishment of the Company**

- A company named "Emirates Water and Electricity Company," a public joint stock company, shall be established under the provisions of this Law. It shall have an independent legal personality and enjoy financial and administrative independence, as well as full legal capacity to act.
- The Company may use an abbreviated name as determined by the Board of Directors.
- The Company's name, its abbreviated name, and its legal form may be changed in accordance with the procedures specified in its Articles of Association.
- The Company shall replace the "Abu Dhabi Water and Electricity Company," and all its assets, properties, rights, and obligations shall be transferred to it. It shall be considered the legal successor in all agreements and contracts concluded between the Abu Dhabi Water and Electricity Company and third parties.
- The employees and personnel of the Abu Dhabi Water and Electricity Company, as determined by a resolution of the Board of Directors in coordination with the Abu Dhabi Power Corporation, shall be transferred to the Company.

## **Article (3)**

### **Headquarters of the Company**

The Company's main headquarters shall be in the city of Abu Dhabi, and the Board of Directors may establish branches, offices, or agencies for it within and outside the State.

## **Article (4)**

### **Capital of the Company**

- The authorized capital of the Company is set at AED 500,000,000 (five hundred million dirhams), divided into 500,000,000 (five hundred million) shares, with a nominal value of one dirham per share.
- The issued capital is set at AED 100,000,000 (one hundred million dirhams), divided into 100,000,000 (one hundred million) shares, with a nominal value of one dirham per share, all of which are fully paid nominal shares.
- All shares of the Company are fully owned by the Abu Dhabi Power Corporation. The Executive Council may determine a percentage of the shares in the Company whose ownership can be transferred to third parties, provided that the Company's shareholders take all necessary measures to allow it to conduct its activities within its geographical scope and conclude the agreements specified by the Abu Dhabi Power Corporation.
- Shareholders may increase or decrease the Company's capital as specified in the Company's Articles of Association.
- The Company's shares may not be sold, assigned, or mortgaged except by a resolution of the shareholders as specified in the Articles of Association.

## **Article (5)**

### **Purposes of the Company**

The Company, or any of its subsidiaries or partially owned companies, shall carry out the following activities:

1. Purchase, sell, plan, organize, and manage the supply, demand, and commercial exchange of production capacity and the output of water and electricity from Licensed Production Entities.
2. Act as the sole procurer of any water and electricity production capacity required within the geographical scope specified for it by the Executive Council and ensure its availability to cover the expected needs for water and electricity within that geographical scope, unless

the Side Sales System is implemented based on the recommendation of the shareholders and with the approval of the Competent Authority.

3. Contract with those who provide production capacity and prepare and manage related tenders.
4. Conclude agreements with Licensed Production Entities and Licensed Distribution Entities.
5. Develop and own rights related to intellectual property, trademarks, trade names, patents, and all rights and designs related to the Company's business and register them in accordance with applicable legislation.

In pursuit of its purposes, the Company may carry out all operations and actions required for the proper conduct of its business and the increase of its revenues inside and outside the State, including but not limited to:

- Owning, leasing, and mortgaging movable and immovable properties, ships, and carriers; borrowing funds and issuing undertakings, guarantees, and warranties; obtaining financial facilities; lending to its subsidiaries or owned companies; and concluding related contracts.
- Contributing to, encouraging, and supporting projects, businesses, and activities that help the Company enhance its position inside and outside the State.
- Financing projects undertaken by the Company, its subsidiaries, or other companies, whether as a shareholder, lender, or guarantor. The Company may own or issue debt bonds and sukuk of all types as decided by the shareholders.
- Establishing wholly-owned companies or companies in partnership with others.
- Opening, managing, and closing bank accounts; drawing, accepting, and negotiating negotiable instruments; issuing financial guarantees for subsidiaries or third parties; concluding loans, financial and credit facilities, and derivative contracts; and conducting treasury management operations for the funds of the Company and its subsidiaries.
- Purchasing and disposing of shares, bonds, and other securities related to the activities of the Company or any of its subsidiaries for

trading, risk management, or any other purposes deemed appropriate by the Company.

- Establishing special regulations related to employment, retirement, bonuses, incentives, dues, allowances, and benefits for the employees of the Company and its subsidiaries, taking into account the legislation related to the retirement of nationals.
- Contributing to, encouraging, supporting, and providing in-kind and cash grants to projects, businesses, and activities, including non-profit and community projects, activities, and initiatives.
- Undertaking all legal and judicial procedures, and agreeing to reconciliation, settlement, arbitration, waiver of disputes, and arbitration and mediation procedures.
- Carrying out all other works related or connected to the objectives and activities of the Company or which the Board of Directors deems necessary or essential to enable the Company or any of its subsidiaries to achieve any of its purposes.

## **Article (6)**

### **Duties of the Company**

In implementation of the Company's competencies stipulated in Article (5) of this Law, the Company shall undertake the following:

1. Determine the following annual requirements in accordance with a long-term plan:
  - (a) New or additional production capacity for water desalination or storage.
  - (b) New or additional production capacity for electricity generation or storage.
2. Contract with persons who operate existing facilities or persons who wish to establish new facilities in order to provide the necessary new or additional production capacity.
3. Adopt policies to diversify the sources of water and electricity production capacity in a way that achieves economic, environmental, and social sustainability, and to encourage investment and partnership with the private sector.

## **Article (7)**

### **Duration of the Company**

The duration of the Company is ninety-nine (99) Gregorian years, starting from the date of its registration in the Commercial Register, and it shall be automatically renewed for a similar period in accordance with the provisions of the Company's Articles of Association.

## **Article (8)**

### **Board of Directors**

- The Company shall be managed by a Board of Directors of at least five members. The first Board of Directors of the Company shall be appointed by a resolution of the Executive Council. The Company's Articles of Association shall specify the method for appointing subsequent Boards of Directors, their meeting procedures, and how to vote on their resolutions.
- The term of membership of the Board of Directors is four years, renewable. The Board shall be reconstituted in accordance with the provisions of the Company's Articles of Association.

## **Article (9)**

### **Powers of the Board of Directors**

- The Board of Directors is the authority responsible for setting the general policy strategy for the Company and its subsidiaries and following up on its implementation to achieve its objectives. It shall undertake all the purposes of the Company stated in this Law, and in particular, it shall have the power to do the following:
  1. Adopt the Company's strategic plans and supervise their implementation.
  2. Issue financial and administrative regulations, including human resources, as well as operational regulations and systems for tender,

- auction, contract, and procurement procedures for the Company and its subsidiaries, enabling them to achieve their purposes.
3. Establish the organizational structure of the Company and its subsidiaries.
  4. Approve the budget of the Company and its subsidiaries and their final accounts for each fiscal year.
  5. Appoint a Chief Executive Officer for the Company and relieve him of his position.
  6. Form boards of directors and appoint directors or chief executive officers for any of the subsidiaries.
  7. Divide, transfer, convert, merge, consolidate, sell, mortgage, or assign any of the funds, assets, or properties of the Company or the assets, properties, or funds of any of its subsidiaries, and dispose of any of them in all forms of legal disposition.
  8. Authorize the Company and its subsidiaries to undertake any investment, borrowing, lending, issuance of guarantees, warranties, bonds, sukuk, or any other debt instruments as the Board of Directors deems appropriate.
  9. Acquire and merge companies and establishments and determine the acquisition value.
- The Board of Directors of the Company shall constitute the General Assembly of the Company as long as all shares are fully owned by the Abu Dhabi Power Corporation. Otherwise, the shareholders of the Company shall constitute the General Assembly of the Company.
  - The Board of Directors may form permanent and temporary committees from among its members or others and determine their competencies, and it may delegate some of its competencies to any of these committees.
  - The Board of Directors may delegate any of its powers specified in this Law or the Company's Articles of Association to any of its members, its committees, or any person it deems appropriate from the employees of the Company, its subsidiaries, or third parties, and determine the basis and controls for the exercise of these powers.

## **Article (10)**

### **Articles of Association of the Company**

The Board of Directors shall issue the first Articles of Association of the Company before the entry of shareholders, after the approval of the Executive Council. The amendment of the Articles of Association shall be by a resolution of the shareholders as specified in the Articles of Association.

## **Article (11)**

### **Tasks of the Competent Authority**

Unless the Executive Council decides otherwise, the Department of Energy shall assume the tasks of the Competent Authority.

## **Article (12)**

### **Financial Guarantees**

Without prejudice to applicable legislation, the Government, the governments of the Emirates of the contributing entities in the Company, or the Abu Dhabi Power Corporation may provide what is necessary to guarantee the Company's fulfillment of its financial and contractual obligations with Licensed Production Entities or Licensed Distribution Entities.

## **Article (13)**

### **Bulk Supply Tariff**

The Company may impose a bulk supply tariff on Licensed Distribution and Transmission Entities for the supply of water and electricity to them. The tariff shall be calculated at the beginning of each year based on the method specified by the Competent Authority in the license granted to the Company.

## **Article (14)**

### **Providing Information to the Company**

Licensed Production, Distribution, and Transmission Entities must provide the Company with all data, information, and documents it requests to carry out its purposes.

## **Article (15)**

### **Annual Reports**

The Board of Directors shall submit an annual report at the end of each fiscal year to the Company's shareholders, detailing the companies, assets, properties, projects, and investments owned or contributed to by the Company.

## **Article (16)**

### **Auditor**

The Company shall have one or more certified auditors to audit the accounts and financial statements of the Company. Their appointment shall be by a resolution of the Board of Directors in accordance with the Company's Articles of Association, which shall specify the term of appointment and their annual fees.

## **Article (17)**

### **Fiscal Year**

The fiscal year of the Company shall begin on the first of January and end on the 31st of December of each year, except for the first fiscal year, which shall begin on the date of the Company's registration in the Commercial Register and end on the 31st of December of the following year.

## **Article (18)**

### **Financial Resources of the Company**

The financial resources of the Company shall consist of the following:

- Annual or emergency appropriations allocated to it by the shareholders.
- Returns from its fund investments.
- Income derived from the services it provides and the activities it conducts.
- Any other resources approved by the Board of Directors.

## **Article (19)**

### **Final Provisions**

- None of the provisions of this Law shall prejudice any of the licenses, permits, exemptions, or approvals issued by federal and local government entities in the State held by the Abu Dhabi Water and Electricity Company and any of its subsidiaries on the date of issuance of this Law. These licenses, permits, exemptions, and approvals shall remain in effect after the provisions of this Law come into force and shall all be transferred to the Company.
- The transfer of rights, assets, properties, competencies, obligations, duties, purposes, and licenses of the Abu Dhabi Water and Electricity Company to the Company shall not prejudice any of the rights of third parties or the guarantees granted by the Government, or any authority, entity, or company affiliated with the Government, to any natural or legal person to guarantee the fulfillment of the Abu Dhabi Water and Electricity Company's obligations in accordance with the agreements, contracts, and documents concluded by it, or any of the direct contracts concluded by the Government related to any of the independent producer projects in the State.
- Legislation related to procurement and financial systems applicable in the Emirate shall not apply to the Company.

## **Article (20)**

### **Local Taxes and Fees**

The Company and its subsidiaries shall be exempt from all local taxes and fees, and the Company shall be considered a strategic industrial project.

## **Article (21)**

### **Entry into Force and Publication**

This Law shall come into force from the date of its issuance and shall be published in the Official Gazette.

**Khalifa bin Zayed Al Nahyan**

**Ruler of Abu Dhabi**

Issued by us in Abu Dhabi

On: 6 - November - 2018 AD

Corresponding to: 28 - Safar - 1440 H