

**Chairman of the Department of Energy Resolution No. (44) of  
2019**

**Regarding the Issuance of the Regulatory Regulations for  
District Cooling Activities**

**The Chairman of the Department of Energy,**

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. (4) of 1983 Concerning the Regulation of Construction Works and its amendments,
- And Law No. (3) of 2015 Concerning the Regulation of the Real Estate Sector in the Emirate of Abu Dhabi,
- And Law No. (1) of 2017 Concerning the Financial System of the Government of Abu Dhabi,
- And Law No. (5) of 2018 Concerning the Establishment of the Department of Urban Planning and Municipalities,
- And Law No. (7) of 2018 on the Reorganization of the Department of Economic Development,
- And Law No. (11) of 2018 Concerning the Establishment of the Department of Energy,
- And the Chairman of the Executive Council Resolution No. (26) of 2018 Concerning Additional Competencies for the Department of Energy,
- And based on what was presented to the Executive Council, and its approval,

**Has decided the following: -**

**Article (1)**

The Regulatory Regulations for District Cooling Activities attached to this Resolution are hereby adopted.

## **Article (2)**

All entities and companies engaged in district cooling activities in the Emirate of Abu Dhabi shall regularize their status in accordance with the provisions of the Regulations.

## **Article (3)**

The Regulations shall be published in the Official Gazette and shall come into force from the date of its publication.

**Eng. Awaidha Murshed Al Marar**  
**Chairman**

Issued in Abu Dhabi on: 2/9/2019

Attachment - The Regulatory Regulations for District Cooling Activities

# **The Regulatory Regulations for District Cooling Activities**

## **First Edition**

Reference No.: DoE/ED/R01/003

Issue Date: 2 September 2019

## **Objectives and Competencies of the Department of Energy**

The Department of Energy was established under Law No. (11) of 2018 Concerning the Establishment of the Department of Energy as the regulatory body for the energy sector in the Emirate of Abu Dhabi. The Department aims to achieve the optimal level in providing services related to the energy sector and to advance it in line with global developments in the sector.

The definition of the energy sector in the aforementioned Law No. (11) of 2018 included the activities of production, storage, and distribution of chilled liquid for central cooling applications and all related services. District cooling activities fall within these activities.

The competencies of the Department of Energy include regulating district cooling activities in all aspects, licensing all establishments, entities, and persons who carry out district cooling activities, and monitoring their compliance with providing the optimal level of service quality.

Therefore, the Department of Energy has issued the Regulatory Regulations for District Cooling Activities to establish a suitable regulatory framework for district cooling activities in the Emirate of Abu Dhabi that ensures investors, customers, and the public have access to safe, efficient, and economical cooling services. These Regulations include the regulatory, technical, and financial requirements and standards for licensing, regulating, and conducting district cooling activities.

An Arabic or English version of these Regulatory Regulations can be viewed and downloaded from the Department of Energy's website ([www.doe.gov.ae](http://www.doe.gov.ae)).

In the event of any conflict between the Arabic and English versions of these Regulatory Regulations, the Arabic version published in the Official Gazette of the Emirate of Abu Dhabi shall prevail.

## Contents

1. Legal Framework of the Regulatory Regulations	6
1.1 Preliminary Provisions	6
1.2 Entry into Force of the Regulations	6
1.3 Scope of Application of the Regulations	7
1.4 Implementation of the Provisions of the Regulations.	7
2. Interpretations and Definitions	8
2.1 Interpretation of the Regulations.	8
2.3 Definitions.	8
3. Technical Code and Metering Code for District Cooling	20
3.1 General Principles.	20
3.2 Application and Scope.	20
3.3 Environment, Health, and Safety	21
3.4 District Cooling Technical Code.	21
3.5 Metering Code	21
4. Regulation of Market Competition for District Cooling Services.	23
4.1 General Principles.	23
4.2 Application and Scope.	23
4.3 Regulated Tender Process - Minimum Process for District Cooling Tenders	24
4.4 Regulated Tender Request for Proposal - Content Requirements	25
4.5 Regulated Tender Request for Proposal - Required Information and Evidence.	26
4.6 Evaluation by the Department	30
4.7 Department's Right to Grant Approval.	30
5. Pricing Regulations	32
5.1 General Principles.	32
5.2 Application and Scope.	32
5.3 Price Control	32
5.4 District Cooling Services Tariff Structure, Cost Recovery, and Allocation.	34
5.5 Information Submission	37
5.6 Publication	38
5.7 Prohibited Activities	38

5.8 Department's Right to Act.	38
6. District Cooling Services Contractual Frameworks	40
6.1 General Principles.	40
6.2 Application and Scope.	40
6.3 District Cooling Services Contracts	42
7. Connection to District Cooling Systems in Licensed Service Areas.	44
7.1 Connection to District Cooling Systems in Licensed Service Areas	44
7.2 Exemptions	44
8. Reconsideration of a Department Decision.	45
8.1 Request for Reconsideration of a Decision.	45
8.2 Department's Request for Information.	45
8.3 Department's Decision.	45
9. Non-Compliance with these Regulations	46
9.1 Reporting Non-Compliance.	46
9.2 Enforcement Procedures	46
10. Governing Law	47
10.1 Governing Law.	47
Appendix [1].	48
Mandatory Terms for a District Cooling Services Contract.	48
Appendix [2].	71
Financial Model Requirements.	71
Appendix [3].	74
Updated Financial Model Requirements.	74
Appendix [4].	75
Conventional Cooling System Assumptions.	75

# **1. Legal Framework of the Regulatory Regulations**

## **1.1 Preliminary Provisions**

1.1.1 This document is the first edition of the Regulatory Regulations for District Cooling Activities, and the appendices attached to these Regulations are an integral part thereof. These Regulations and their appendices are hereinafter referred to as the "District Cooling Regulations" or the "Regulations".

1.1.2 The Department of Energy has issued the District Cooling Regulations in accordance with the provisions of the aforementioned Law No. (11) of 2018 after obtaining the approval of the Executive Council.

1.1.3 The Chairman of the Department of Energy may adopt and issue any regulations, policies, resolutions, circulars, or implementing and operational rules necessary for the application of the provisions of the District Cooling Regulations, provided they do not conflict with applicable legislation.

1.1.4 The Chairman of the Department of Energy shall, by resolution, specify the types of additional district cooling activities not mentioned in these Regulations that require a license from the Department of Energy, as well as the terms of the licenses and the conditions that must be met by the persons to whom licenses are to be issued under the provisions of these Regulations.

1.1.5 It is prohibited for any establishment or individual to engage in district cooling activities without obtaining a license to do so from the Department of Energy in accordance with the regulations and procedures established by the Department.

1.1.6 The Chairman of the Department of Energy may exempt any person from complying with the provisions of the District Cooling Regulations for a specific period of time and under conditions specified in the exemption resolution. The Chairman of the Department may cancel, amend, or extend any general or special exemption issued under the provisions of this clause of the Regulations.

1.1.7 The Chairman of the Department of Energy may delegate any of the competencies and tasks of the Department set out in these Regulations to

the government companies affiliated with the Department as required by the needs and interest of the work, after the approval of the Executive Council.

## **1.2 Entry into Force of the Regulations**

1.2.1 The District Cooling Regulations shall come into force from the date of their publication in the Official Gazette of the Emirate of Abu Dhabi (the "Effective Date").

1.2.2 The Chairman of the Department may specify a time period or periods during which persons addressed by the provisions of these Regulations are allowed to regularize their status.

1.2.3 The Department shall conduct periodic reviews of the Regulations, their application, and compliance with them. The Chairman of the Department of Energy may amend or repeal the District Cooling Regulations after obtaining the approval of the Executive Council.

1.2.4 The schedules attached to these Regulations may be amended by the Department, but only after issuing a three-month notice of its intention to do so.

### **1.3 Scope of Application of the Regulations**

1.3.1 Each chapter of the District Cooling Regulations specifies the persons, establishments, and entities concerned with the application of the provisions of each chapter, and they are identified in the regulatory rules titled "Application and Scope" in each chapter.

1.3.2 These Regulations do not contain any provisions or clauses that may conflict with or affect the application of the provisions of the following legislation:

(a) Federal Law No. (24) of 1999 on the Protection and Development of the Environment, its executive regulations, and the resolutions issued thereunder.

(b) Crown Prince and Chairman of the Executive Council Resolution No. (42) of 2009 on the Environment, Health, and Safety Management System for the Emirate of Abu Dhabi, or any legislation that amends or replaces the said Resolution.

### **1.4 Implementation of the Provisions of the Regulations**

1.4.1 In accordance with the provisions of Articles (10) and (11) of the aforementioned Law No. (11) of 2018, all persons, establishments, and entities, each in their respective capacity, must comply with the provisions of the District Cooling Regulations and the regulations, policies, resolutions, circulars, rules, and licenses issued thereunder.

1.4.2 Without prejudice to any more severe penalty provided for in any other legislation, an administrative fine not exceeding (10,000,000) ten million dirhams shall be imposed on anyone who violates the provisions of these Regulations and the regulations, policies, resolutions, circulars, rules, and licenses issued thereunder, in accordance with the provisions of the aforementioned Law No. (11) of 2018.

1.4.3 The Chairman of the Department of Energy shall, after the approval of the Executive Council, issue a schedule of administrative fines and penalties for violating the provisions of these Regulations and the

regulations, policies, resolutions, circulars, rules, and licenses issued thereunder. The procedures for reconciliation, the procedures and controls for applying administrative penalties, and appeals against them shall be applied in accordance with the approved regulatory and executive regulations in this regard and in accordance with the provisions of the aforementioned Law No. (11) of 2018.

1.4.4 The Department of Energy shall remove violations at the expense of the violator if the latter does not remove them by the date specified by the Department.

1.4.5 The Department of Energy shall, by itself or through any person assigned by it after the approval of the Executive Council, supervise and oversee the implementation of the provisions of the District Cooling Regulations and the regulations, policies, resolutions, circulars, rules, and licenses issued thereunder.

## 2. Interpretations and Definitions

### 2.1 Interpretation of the Regulations

2.1.1 Terms, phrases, and words not defined in the Regulations shall have the same meaning as defined and explained in the aforementioned Law No. (11) of 2018 unless the context requires otherwise.

2.1.2 Words and phrases used in the singular form shall have the same meaning when used in the plural form, and vice versa.

2.1.3 The deadlines mentioned in these Regulations shall be calculated based on Gregorian days and years unless expressly stated otherwise. A month shall be a time unit of thirty days.

### 2.3 Definitions

2.3.1 For the application of the provisions of these Regulations, the following words shall have the meanings assigned to them unless the context indicates otherwise:

The State	United Arab Emirates
The Emirate	The Emirate of Abu Dhabi
The Department	Department of Energy
Department of Planning	Department of Urban Planning and Municipalities
Environment Agency	Environment Agency - Abu Dhabi
Effective Date	The effective date of the Regulations
The Law	Refers to Law No. (11) of 2018 Concerning the Establishment of the Department of Energy.
District Cooling Applicability Regulations	Refers to the regulatory regulations for the scope of application of district cooling, which the Department prepares, reviews, amends, and issues after approval from the Executive Council.

District Cooling Technical Code	Refers to the set of technical rules for regulating district cooling that the Department prepares, maintains, reviews, and amends from time to time, as it deems appropriate.
Person	Refers to any person, individual, company, association, partnership, corporation, municipality, institution, government entity, agency, or group.
District Cooling	Refers to the cooling of premises through centralized district cooling networks and systems using a cooling medium from a cooling plant that produces cooling energy.
Conventional Cooling	Refers to cooling systems installed in premises when district cooling is not used or available.
Air Conditioning	Refers to the process of treating and distributing air and simultaneously controlling its temperature, humidity, and cleanliness, in accordance with the requirements of the space to be cooled.
Cooling Energy	Refers to the removal of thermal energy, measured in "megawatt-hour cooling" or "kilowatt-hour cooling".
Cooling Load	Refers to the rate of thermal energy removal, measured in "megawatt cooling" or "kilowatt cooling".
Chilled Water	Refers to cold water (often chemically treated) used in a closed-loop hydronic cooling system for air conditioning and various cooling processes.
Chilled Liquid	Refers to chilled water or any other medium used for providing district cooling services.
Building	Refers to the building and its associated facilities and structures that have been or will be constructed by or on behalf of the customer.
Premises	Refers to any land, building, or facility.

Unit	Refers to any part of the building leased or owned by the customer, including apartments, houses, residential units, leased units, commercial units, or any other form of separate accommodation within the building.
Building Cooling System	Refers to the building's cooling system using chilled water and its associated equipment within the building.
Comfort Cooling	Refers to the cooling of a specific space within a facility used primarily for any of the following purposes: (a) Residential and/or commercial purposes (b) Providing public services within the Emirate Provided that such facility is not used for industrial purposes or for cooling industrial facilities.
District Cooling System	Refers to the equipment, cooling plant, and cooling network comprising a centralized system for the production and distribution of cooling energy via chilled water from a central cooling plant to a number of premises through a network of pipes.
Cooling Tower	Refers to a device that uses water to remove thermal energy and cool water in the chiller (condenser) by absorbing thermal energy from the water in the chiller (condenser) and using it to evaporate water in the cooling tower and release it into the air.
District Cooling Network	Refers to the distribution network and includes all pipes, pumps, valves, connections, and related equipment operated and maintained by a wholesale district cooling service provider ("Wholesale Supplier") for the purpose of transporting chilled water from district cooling plants or temporary plants to buildings or to distribution pipes comprising the facilities and installations of a retail district cooling service provider ("Retail Supplier").

District Cooling Plant	Refers to the plant, pumping stations, chillers, thermal energy storage facilities, cooling towers, associated electrical substations, emergency power supply equipment, system control switches, electrical switchboards, and additional equipment for electrical installations, pipes, and other installations and their associated equipment installed within the cooling plant area, which are used, operated, and maintained for the production of cooling energy and the distribution of chilled water for the purpose of providing district cooling services.
Temporary Plant	Refers to any district cooling plant that temporarily produces chilled water until the permanent district cooling plant is ready for operation. Temporary plants are operated for a period not exceeding five years, provided that the Department's approval is obtained.
Cooling Plant Area	Refers to the land area where the district cooling plant will be built and operated.
Metering Code	Refers to the metering and measurement rules for district cooling, which the Department prepares, maintains, reviews, and amends from time to time, as it deems appropriate.
Licensee	Refers to the entity holding a district cooling license from the Department.
License	Refers to the license issued by the Department to conduct wholesale district cooling services, retail district cooling services, or integrated district cooling services. The Chairman of the Department shall, by resolution, specify any other activities related to district cooling that require a license from the Department.
Exemption	The exemption issued by the Department to any or all licensees from complying with the terms of their

	license for a period and under conditions specified in the resolution. The Department may extend or amend the exemption as it deems appropriate.
Exemptions	Has the meaning given in paragraph 7.2.
Licensed District Cooling Services	Refers to the provision of district cooling services to a cooling scheme that meets the requirements of Criterion (1) or Criterion (2) and does not fall under exempt district cooling services or prohibited services.
Exempt District Cooling Services	Refers to the provision of district cooling services to: (a) A cooling scheme where (1) the cooling loads are less than the "Qualifying Cooling Load," (2) it includes only one "Wholesale Customer," and (3) the Wholesale Customer does not engage in any retail operations. Prohibited district cooling activities are not considered exempt cooling services. (b) A cooling scheme including wholesale customers who use district cooling for purposes other than comfort cooling.
Licensed District Cooling Service Area	Refers to the area defined in the District Cooling Applicability Regulations.
Prohibited District Cooling Activities	Refers to conducting district cooling services in a cooling scheme where the cooling loads are less than the "Qualifying Cooling Load" and it includes only one wholesale customer who engages in retail operations.
District Cooling Services Purchaser	Refers to any entity or real estate developer who purchases, provides, and procures a wholesale district cooling service provider ("Wholesale Supplier") for the purpose of supplying licensed cooling services to a proposed district cooling scheme.

Wholesale District Cooling Service Provider or Wholesale Supplier	Refers to any entity that undertakes the production and distribution of cooling energy via chilled water using a district cooling system for the purpose of supplying wholesale district cooling services or integrated district cooling services.
Customer	Refers to, but is not limited to, any person who is (a) the owner of the premises, building, apartment, residential unit, or any part of a residential building, (b) the owners' association of the building or the group of owners of the industrial facility, and who benefits from air conditioning via a district cooling system for a fee paid directly or indirectly to the licensed entity providing district cooling services.
Wholesale Customer or Large Customers	A person who owns or manages a building located in a district cooling scheme and is connected to the district cooling network and system either directly or through heat exchange stations.
District Cooling Services Tariff	Refers to the tariffs, prices, and fees associated with the provision of district cooling services, connection to the network, and maintenance and development of the district cooling system, which are assessed by the licensed entity in accordance with the terms of the license or exemption, the provisions of these Regulations, or instructions issued by the Department, and are calculated in accordance with the Department's requirements set out in clause 4.5.1.
Ancillary Services Charges	Ancillary service charges for district cooling services, as referred to in clause 4.5.1.
Capacity Charge	The capacity charge for district cooling services, as referred to in clause 4.5.1.
Connection Charge	The charge for connection and linking to the district cooling network, as referred to in clause 4.5.1.

Consumption Charge	The charge for the use of district cooling services, as referred to in clause 4.5.1.
Disconnection Charge	The service disconnection charge, as referred to in clause 6.2.
Consumer Price Index (CPI)	Refers to the Consumer Price Index in the State published by the Federal Competitiveness and Statistics Authority.
Conventional Cooling System Assumptions	Refers to the general, technical, and financial assumptions related to the estimation of conventional cooling costs, as set out in Appendix (4) of these Regulations.
District Cooling Scheme	Refers to any major or subsidiary real estate development project or building complex located in a licensed district cooling service area and connected to or served by a district cooling system.
Commercial Operation	Refers to the actual operation of the facility after the completion of commissioning and preparation processes.
Criterion (1) for a District Cooling Scheme	Refers to a district cooling scheme that: (a) has cooling loads equal to or exceeding the "Qualifying Cooling Load" (b) includes one or more large customers "wholesale customers" who use district cooling for comfort cooling purposes.
Criterion (2) for a District Cooling Scheme	Refers to a district cooling scheme that: (a) has cooling loads less than the "Qualifying Cooling Load" (b) includes two or more large customers "wholesale customers" who use district cooling services for comfort cooling purposes.
Integrated District Cooling Services	Refers to any activity related to the production, distribution, metering, sale, and supply of cooling energy via chilled water from cooling plants to end customers.

Wholesale District Cooling Services	Refers to the activities carried out by a Wholesale Supplier (excluding integrated district cooling services) related to the production and distribution of cooling energy via chilled water and a district cooling system for the purpose of supplying cooling services to Retail Suppliers.
Retail District Cooling Services	Refers to all activities related to the purchase of licensed district cooling services from a Wholesale Supplier and their resale to end-users.
Wholesale Supplier Transmission System	Refers to the facilities used to transfer cooling energy via chilled water from the Wholesale Supplier's facilities to the Retail Supplier's facilities or to the building's cooling system, and includes, without limitation, the Wholesale Supplier's metering equipment.
Wholesale Supplier Facilities	Refers to the equipment and facilities, including district cooling plants, district cooling networks, and the Wholesale Supplier's energy transmission system equipment, and any other type of equipment installed, designed, erected, operated, and maintained by the Wholesale Supplier for the purpose of supplying cooling services to Retail Suppliers or buildings via connection points and return points.
Retail District Cooling Service Provider or Retail Supplier	Refers to any of the following entities: (a) An entity that receives cooling energy from a Wholesale Supplier for the purpose of resale to end customers. (b) A Wholesale Supplier licensed to supply integrated district cooling services and to sell and supply cooling energy to end customers. Whether directly or through one or more agents who perform billing, metering, and collection services.

Retail Supplier Facilities	Refers to the equipment and facilities owned, designed, and installed by Retail Suppliers to provide retail district cooling services to end customers.
Retail Supplier License	Refers to the license granted to any entity to conduct retail district cooling services in accordance with the provisions of Law No. (11) of 2018 and these Regulations.
District Cooling Services Contract	Refers to any contract for the supply, provision, sale, or purchase of cooling energy using chilled water: (a) Between a Wholesale Supplier conducting wholesale district cooling services and Large Customers (wholesale customers) or Retail Suppliers. (b) Between a Wholesale Supplier conducting integrated district cooling services and end customers. (c) Between a Retail Supplier and end customers.
Existing Facilities	Refers to facilities (such as district cooling systems or buildings) that commenced commercial operation before the effective date of the Regulations.
Existing District Cooling Schemes	Refers to district cooling schemes for which a request for proposals or purchase orders were issued by a district cooling services purchaser before the effective date of the Regulations.
Existing Meters	Refers to meters installed before the effective date of the Metering Code.
Financial Model Requirements	Refers to the requirements set out in Appendix (3) of these Regulations.
Full Implementation	Has the meaning given to it in clause 4.4.1.
Fully Regulated Pricing	Refers to a district cooling scheme where: (a) it is supplied with district cooling services by a

	<p>licensed Wholesale Supplier.</p> <p>(b) the Wholesale Supplier will engage in retail sales and supply district cooling services as a retail provider.</p>
Key Performance Indicators (KPIs)	Refers to the Key Performance Indicators specified by the Department from time to time.
Levelized Cost	<p>Refers to the total costs of a district cooling project or conventional cooling project over the project's life, which is the ratio between:</p> <p>(a) The net present value of all capital and operating costs of the district cooling project or conventional cooling project.</p> <p>(b) And the net present value of the total cooling energy consumed for the district cooling project or conventional cooling project.</p> <p>And is calculated in accordance with the Department's requirements, as stipulated in clause 4.4.1.</p>
Annual Information Request	Refers to the request for information issued by the Department, requesting the provision of annual documents and information. The Department may determine the format and content of the request, amend the request, and specify the date for providing the information as it deems appropriate.
District Cooling Services Contract Terms and Conditions	Has the meaning given to it in Chapter 6.
Net Present Value (NPV)	Refers to the economic or financial calculation method used to discount a portion of costs at the date on which these costs are calculated or determined to reflect the time value of money.
New Building	Refers to any building that commenced commercial operation after the effective date of the Regulations.

New District Cooling Scheme	Refers to a district cooling scheme for which a request for proposals or purchase notices for the provision of district cooling services has been issued by a district cooling services purchaser, after the effective date of these Regulations.
New Meters	Refers to meters installed after the entry into force of the Metering Code.
Partially Regulated Pricing	Refers to price regulation that will only cover wholesale district cooling services where the cooling scheme: (a) is supplied with district cooling services by a licensed wholesale provider. (b) and the wholesale customer will not engage in retail sales and there are no residential customers in the cooling scheme.
Qualifying Cooling Load	Refers to the expected maximum cooling load in a district cooling scheme, assuming the full completion and development of the project according to the district cooling scheme and the completed implementation plan submitted to the Department based on the Applicability Regulations, provided that it is equal to or exceeds 17.6 MW of cooling, and excluding the cooling loads of any existing buildings or existing industrial facilities in the scheme for the purpose of calculating the qualifying cooling load.
Regulated District Cooling Services Purchaser	Has the meaning given in clause 4.2.1.
Regulated Tender	Has the meaning given in clause 4.3.
Subsidiary Project	Refers to any project in which the licensee holds a participation share equal to 50% or more of the capital or the licensee is entitled to appoint the

	majority of the members of the project's board of directors.
Retail Transactions	Refers to any arrangement under which a Wholesale Customer or Retail Supplier is entitled to require an end customer to pay fees or make a payment (directly or indirectly) for district cooling services through the issuance of periodic invoices.
Return on Investment (ROI)	Refers to the calculation made by the licensee in good faith based on generally accepted financial principles, which determines the annual internal rate of return before tax deduction, realized from providing district cooling services to a new district cooling scheme or any building or group of buildings.
Total Price of District Cooling Services	Refers to the total value of all fees and tariffs payable by: (a) the Wholesale Customer in the absence of retail sales transactions. (b) all end customers in cases of retail sales. In return for obtaining district cooling services or conventional cooling (as applicable), where these fees and tariffs are calculated over the duration of the district cooling project or conventional cooling project on a net present value basis and in accordance with the Department's requirements set out in clause 4.4.1.
Meter	Refers to the installations for measuring cooling energy and cooling loads, belonging to Wholesale Suppliers or Retail Suppliers.
Megawatt-hour cooling (MWhc)	A unit for measuring cooling energy equal to 1000 kilowatt-hours of cooling.
Kilowatt-hour cooling (kWhc)	A unit for measuring cooling energy.

### **3. Technical Code and Metering Code for District Cooling**

#### **3.1 General Principles**

3.1.1 The District Cooling Technical Code and the Metering Code aim to ensure that district cooling systems and meters meet or exceed the targets for reliability, efficiency, and sound water management.

3.1.2 The licensee, the Wholesale District Cooling Service Provider, and the Retail District Cooling Service Provider must comply with the District Cooling Technical Code and the Metering Code issued by the Department.

3.1.3 The Wholesale Supplier conducting licensed district cooling services shall operate all district cooling systems in accordance with the following four basic principles:

(a) Full and permanent compliance with the contracted cooling loads with each customer, regardless of the variation between the designs of the district cooling systems.

(b) Exerting its best efforts to ensure that the number of interruptions of licensed district cooling services is minimized, and that the rates and number of these interruptions remain, in all cases, below the targets set in the Key Performance Indicators.

(c) Exerting its best efforts to achieve the optimal level of energy and water consumption and to ensure the continued efficiency of this consumption in accordance with the targets set in the relevant Key Performance Indicators.

(d) Exerting its best efforts to limit the negative impacts on the environment, health, and safety in accordance with the terms of the license granted to it by the Department.

3.1.4 Wholesale District Cooling Service Providers shall make any necessary changes to their cooling systems at their own expense in order to comply with and apply the basic principles set out in clause 3.1.3 above.

#### **3.2 Application and Scope**

3.2.1 The Metering Code applies to Wholesale Suppliers, Retail Suppliers, and all new and existing meters used for billing purposes, as stipulated in the Metering Code issued by the Department.

3.2.2 The requirements in the District Cooling Technical Code and the Metering Code shall be interpreted in accordance with the mandatory requirements and specific prohibitions contained in the Regulations and any mandatory requirements specified in the license granted to the licensee or the Law.

3.2.3 In the event of any conflict between the District Cooling Technical Code, the Metering Code, the District Cooling Regulations, the granted license, or the Law, the Department shall, on its own initiative or at the request of the licensee, issue the required interpretations and determine the applicable text.

**3.2.4 The application of the requirements contained in the District Cooling Regulations and Metering Rules is not intended to prevent or hinder the application of any innovative solutions related to energy efficiency. The entities to which Chapter Three of these regulations applies shall be committed to continuously striving to prepare and develop their business and designs to achieve the optimal level of efficiency, and they have the right to apply to the Department for an exemption from the regulatory requirements contained in this Chapter Three of these regulations or an exception from the District Cooling Regulations or Metering Rules. The entity requesting the exemption or exception must provide the necessary evidence and relevant technical studies to justify its request.**

### **3.3 Environment, Health, and Safety**

3.3.1 A wholesale supplier applying for a license from the Department shall be committed to the following:

(a) Adherence to the instructions issued by the Department and relevant government authorities such as the Environment Agency and the Department of Urban Planning and Municipalities regarding the installation, operation, and maintenance of district cooling systems.

(b) Obtaining the required environmental protection approvals from the Environment Agency before commencing the construction of the district cooling system.

(c) Adherence to the limits for air emissions, discharge standards to the marine and terrestrial environment, and noise levels specified in the relevant legislation.

(d) Allowing persons authorized by the Department or relevant authorities to enter the facilities of the license applicant and inspect any of its district cooling systems for the purpose of verifying compliance with environmental legislation.

### **3.4 District Cooling Regulations**

3.4.1 District cooling systems shall be designed, manufactured, and installed in accordance with the District Cooling Regulations.

3.4.2 Every person or entity providing district cooling services must comply with the requirements of the District Cooling Regulations applicable to it according to the type of license granted. These requirements include, but are not limited to, monitoring the performance indicators of its main activities, comparing them with the key performance indicators specified in the District Cooling Regulations, and submitting related reports to the Department in the manner and timing specified in the District Cooling Regulations.

3.4.3 The licensed entity shall provide the Department with the complete annual information statement required under the District Cooling Regulations, in accordance with the schedule and format determined by the Department from time to time.

### **3.5 Metering Rules**

3.5.1 New meters shall be designed, manufactured, and installed in accordance with the Metering Rules.

3.5.2 If the results of periodic inspection and testing conducted in accordance with the Metering Rules show that an existing meter does not meet all the requirements of the Metering Rules, that meter shall be

recalibrated or replaced in accordance with the requirements of the Metering Rules.

3.5.3 The licensed entity shall comply with the requirements of the Metering Rules applicable to it according to the type of license granted.

## **4. Regulation of Market Competition for District Cooling Services**

### **4.1 General Principles**

4.1.1 This chapter of the regulations aims to enhance market competition in the district cooling sector in the Emirate by obligating purchasers of district cooling services to conduct competitive tenders according to pre-defined criteria to appoint wholesale district cooling service suppliers in a licensed district cooling area and to supply it with district cooling services.

### **4.2 Application and Scope**

4.2.1 Subject to the provisions of Clause 4.2.2, this chapter of the regulations applies to a purchaser of district cooling services who wishes to obtain services from a wholesale district cooling service supplier to provide licensed district cooling services in a new district cooling scheme. The purchaser of district cooling services mentioned in this clause is referred to as the "Regulated District Cooling Service Purchaser."

4.2.2 No purchaser of district cooling services shall be considered a Regulated District Cooling Service Purchaser, nor shall they be obligated to comply with the requirements of this Chapter Four of these regulations if they wish to obtain district cooling services from a wholesale supplier:

(a) to provide licensed cooling services to existing district cooling schemes or existing buildings in the geographical area of cooling schemes that have been exclusively allocated to a wholesale district cooling service supplier based on a written contract concluded before the effective date of these regulations.

(b) to provide exempted district cooling services.

4.2.3 Any entity that does not hold a license from the Department to conduct district cooling activities and wishes to participate in the

competitive tender of a Regulated District Cooling Service Purchaser must submit any required information to the Department as the Department deems appropriate to assess that entity's compliance with the requirements set forth in these regulations.

### **4.3 Regulated Solicitation of Tenders - Minimum Process for Soliciting District Cooling Tenders**

4.3.1 A Regulated District Cooling Service Purchaser has the right to issue competitive tenders for district cooling services in accordance with its own procedures, protocols, forms, and documents. The clauses below represent the minimum standards and practices that must be followed to promote the principles of efficiency, credibility, and competitiveness for any competitive tender for district cooling services.

4.3.2 A Regulated District Cooling Service Purchaser shall comply with the following mandatory requirements when issuing a competitive tender for the provision of district cooling services through wholesale suppliers:

(a) Prepare a complete tender solicitation document that includes the requirements set forth in Clause 4.4.1, referred to as the "Regulated Solicitation of Tenders".

(b) Submit a copy of the Regulated Solicitation of Tenders to the Department for approval before announcing it to potential wholesale suppliers.

(c) Announce the Regulated Solicitation of Tenders in national newspapers in the country.

(d) Invite at least three (3) wholesale suppliers to participate in the Regulated Solicitation of Tenders. The invited wholesale suppliers must not be subsidiaries or affiliated projects of the Regulated District Cooling Service Purchaser or any other wholesale supplier invited to participate in the Regulated Solicitation of Tenders.

(e) Ensure that all of the following are achieved:

(1) The wholesale suppliers who were pre-selected and invited to the tender are qualified to meet the technical requirements stated in the Regulated Solicitation of Tenders.

(2) The commercial bid envelopes submitted are opened only for those wholesale suppliers who have met the technical requirements stated in the Regulated Solicitation of Tenders.

(3) Without prejudice to the requirements of clauses (1) and (2) above, the district cooling services contract shall be awarded to the wholesale supplier who submitted the best value commercial offer. For the purposes of this clause, the term "best value" means the lowest total price for district cooling services (in the case of full application of price regulation conditions) or the lowest levelized cost (in the case of partial application of price regulation conditions) submitted by the bidders, which must be lower than the levelized cost of the best alternative conventional cooling solutions.

(4) Without prejudice to the requirement of obtaining the Department's approval in accordance with Clause 4.7 below, the district cooling services contract to be concluded by the wholesale supplier must include the minimum contractual requirements set forth in Chapter Six of the regulations without any exemption or exception.

#### **4.4 Regulated Request for Proposal - Content Requirements**

4.4.1 The Regulated Solicitation of Tenders must, at a minimum, include the following:

(a) Reasonable details and clarifications regarding the district cooling system, including but not limited to the following:

(1) The expected total number and categories of customers to be served in the district cooling system shall be estimated in good faith. The total number of customers and their types (where applicable) shall be analyzed for each phase of the real estate development project of the Regulated District Cooling Service Purchaser. In all cases, this analysis must include an estimate of the total number and categories of customers on the assumption of full build-out after the completion of all phases of the real estate development project ("Full Build-Out").

(2) An estimate of the number of residential buildings and/or residential category customers to be served (if any) in the district cooling system upon Full Build-Out.

(3) The specified completion dates for the construction of each phase of the district cooling system and the expected start dates for supplying or selling licensed district cooling services to customers in each phase of the cooling scheme.

(4) Details regarding the maximum cooling loads according to the cooling scheme for each phase of the real estate development project of the Regulated District Cooling Service Purchaser, and the maximum cooling loads at Full Build-Out.

(5) The discount rate, electricity and water prices, value, range, formulas, mechanisms, controls, and other assumptions approved by the Department for calculating and evaluating the levelized cost, district cooling service tariffs, and the total price for district cooling services proposed by the wholesale supplier in accordance with Clause 4.5.

(6) The sole criterion for awarding the contract in accordance with Clause 4.7 shall be the lowest price and the most competitive levelized cost for district cooling services offered by the wholesale supplier for the cooling scheme, which must be lower than the levelized cost of the best alternative conventional cooling solutions.

(7) The potential wholesale supplier must be financially, technically, and administratively qualified to be licensed to provide district cooling services. The Department has the right not to issue a license to any person unless it is convinced that the license applicant has a suitable financial position and possesses the necessary technical and administrative qualifications to conduct district cooling activities.

(b) The requirement for potential wholesale suppliers to use the following formula to calculate the levelized cost of district cooling services:

$$(1) \quad \begin{array}{l} \text{Levelized} \\ \text{Cost} \end{array} = \frac{\text{Net Present Value (Total capital and operating costs over the project's lifetime)}}{\text{Net Present Value (Total cooling energy consumption over the project's lifetime)}}$$

(c) The requirement for the potential wholesale supplier to meet the minimum technical and financial qualifications to obtain a license.

(d) The requirement for the potential wholesale supplier to submit its final technical and commercial proposals in separate, sealed envelopes.

(e) The requirement for the potential wholesale supplier to provide bank guarantees or any commercially acceptable credit document to guarantee its submitted bid.

(f) The requirement for the potential wholesale supplier to provide information that the Department deems necessary to assess and evaluate compliance with the requirements set forth in these regulations.

(g) The requirement for the potential wholesale supplier to provide the information specified in Clause 4.5.1.

(h) Submission of the draft district cooling services contracts to be entered into by the wholesale supplier and the draft district cooling services contracts that the wholesale supplier will enter into with end-users (where applicable), which must include the minimum contractual requirements set forth in Chapter Six of these regulations without any exemption or exception.

#### **4.5 Regulated Solicitation of Tenders - Required Information and Evidence**

4.5.1 The Regulated District Cooling Service Purchaser undertakes to ensure that the potential wholesale supplier provides it with the following information and/or documents and/or evidence for the Department's subsequent review and to limit requests for additional information:

(a) A financial model that must, at a minimum, meet the requirements of the Financial Model.

(b) Reasonable documentary evidence showing the basis on which the district cooling services tariff and the financial model were calculated, including all relevant assumptions.

(c) The proposed tariff for district cooling services based on the following four components at the reference date specified in the solicitation of tenders, indicating the components that will be adjusted over the duration of the district cooling project in accordance with Clause 5.4:

(1) A fixed, one-time connection charge covering the capital costs of the district cooling network and the wholesale supplier's energy transfer system equipment (referred to as the "Connection Charge").

(2) A fixed, recurring capacity charge based on the required or reserved cooling load for the customer, which covers the capital costs of the wholesale supplier's district cooling plant and the fixed operation and maintenance costs of this plant (referred to as the "Capacity Charge").

(3) Recurring, variable consumption charges related to the customer's use, which cover the wholesale supplier's variable operation and maintenance costs (referred to as the "Consumption Charge").

(4) To the extent that they are payable by end-users, administrative and other variable charges, including but not limited to billing and collection fees, service reconnection fees, consumption fees, and fees associated with thermal return (referred to as "District Cooling Support Service Fees").

(d) In the case of partial application of price regulation conditions:

(1) The levelized cost to meet the maximum cooling load requirements of the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated on the basis that district cooling services are provided exclusively to the developer(s) by the registered district cooling service provider.

(2) The levelized cost to meet the maximum cooling load requirements of the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated on the basis of providing the best alternative conventional cooling solutions in the Emirate to the aforementioned district cooling system of the Regulated District Cooling Service Purchaser.

(3) The total price for district cooling services payable by all developers who will receive district cooling services from the registered district cooling service provider in the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated.

(4) The total price for district cooling services payable by all developers in the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated assuming that these developers receive the best alternative conventional cooling solutions in the Emirate.

(e) In the case of full application of price regulation conditions:

(1) The levelized cost to meet the maximum cooling load requirements of the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated on the basis that district cooling services are provided exclusively to end-user customers by the registered district cooling service provider.

(2) The levelized cost to meet the maximum cooling load requirements of the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated on the basis of providing the best alternative conventional cooling solutions in the Emirate to the aforementioned district cooling system of the Regulated District Cooling Service Purchaser.

(3) The total price for district cooling services payable by end-user customers in the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated on the assumption that end-user customers receive district cooling services from the registered district cooling service provider. The total price for district cooling services payable by all end-user customers in the Regulated District Cooling Service Purchaser's district cooling system at Full Build-Out (as stated in the relevant Regulated Request for Proposal) shall be estimated assuming that these end-user customers receive the best alternative conventional cooling solutions in the Emirate.

(f) Conventional cooling assumptions.

(g) Evidence demonstrating the compliance of prospective registered district cooling service providers with the Department's licensing standards, in accordance with the licensing guidelines issued by the Department. This evidence includes, but is not limited to:

(1) Evidence demonstrating the financial position of the prospective registered district cooling service providers and their ability to provide the district cooling services for which they seek a license.

(2) Evidence demonstrating the technical competence of the prospective registered district cooling service providers and their ability to provide the district cooling services for which they seek a license.

(3) Evidence demonstrating the legal eligibility of the prospective registered district cooling service providers and their ability to provide the district cooling services for which they seek a license.

(4) Evidence demonstrating the administrative competence of the prospective registered district cooling service providers and their ability to provide the district cooling services for which they seek a license.

(5) Data on district cooling projects (including ownership, capacity, customer, and license data) executed by the prospective registered district cooling service providers separately within and outside the Emirate.

4.5.2 Before announcing the selected bidder from among the other registered district cooling service providers regarding the Regulated Request for Proposal, the Regulated District Cooling Service Purchaser shall:

(a) Prepare and provide the Department with an evaluation summary that provides, in reasonable detail, the technical and commercial offer of each of the regulated district cooling service providers participating in the Request for Proposal.

(b) Provide the Department with the financial models (and the related methodology and explanatory documents) that the Regulated District Cooling Service Purchaser received from each of the registered district cooling service providers who submitted bids.

(c) Upon the Department's request, submit the final technical and commercial proposals of the registered district cooling service providers selected for the award of the relevant district cooling services contract.

(d) Obtain written approval from the Department based on the assessment conducted by the Department in accordance with Clause 4.6.1 below, and based on the Department's decision issued pursuant to Clause 4.7.1 below.

## **4.6 Evaluation by the Department**

4.6.1 The Department will review the information submitted by the Regulated District Cooling Service Purchaser and/or the registered district cooling service providers based on the provisions of regulations 4.3 to 4.5 above (in their entirety) to assess:

- (a) Compliance with the requirements set forth in regulations 4.3 to 4.5 (in their entirety) above,
- (b) The compatibility of the pricing measures included in the commercial offer of the relevant Regulated District Cooling Service Purchaser with the requirements of Chapter Five of the District Cooling Regulations,
- (c) The agreed-upon form of the district cooling services contracts to be entered into between the proposed district cooling service provider(s) and the Regulated District Cooling Service Purchaser - where applicable - which represent the applicable minimum terms of the district cooling services contract - in any aspect and do not exclude any of them.

## **4.7 The Department's Right to Grant Approval**

4.7.1 Based on the assessment conducted by the Department in accordance with Clause 4.6.1, the Department shall notify the Regulated District Cooling Service Purchaser in writing of its approval or disapproval of the proposed selection by the Regulated District Cooling Service Purchaser of the final registered district cooling service provider.

4.7.2 With respect to the Request for Proposal processes, the Department has the authority to refuse to grant its approval for the proposed selection of the final registered district cooling service provider in the following circumstances:

4.7.2.1 Any amendment is made or an agreement is made to amend the Regulated Request for Proposal after it has been formally submitted to the Department by the Regulated District Cooling Service Purchaser,

4.7.2.2 Failure to comply with the requirements set forth in regulations 4.3 to 4.5 (in their entirety),

4.7.2.3 Cancellation or suspension of the Regulated Request for Proposal after its submission to the Department,

4.7.2.4 The Department decides on the following:

(1) The compatibility of the pricing measures included in the commercial offer of the relevant bidder with the requirements set forth in Chapter Five of the District Cooling Regulations,

(2) And where applicable, determining whether the proposed district cooling services contracts represent the minimum requirements set forth

in Chapter Six of the District Cooling Regulations - in all aspects and do not exclude any of them,

4.7.2.5 The Department has the right to decide to reject the proposed selection (and to act reasonably) as a result of any formal complaint received by the Department regarding the compliance requirements of the Regulated District Cooling Service Purchaser set forth in regulations 4.3 to 4.5 and after conducting the necessary investigations.

4.7.3 In the event that the Department decides not to grant its approval for the proposed selection by the Regulated Cooling Service Purchaser of the final registered district cooling service provider, the Department has the right (at its sole discretion): -

4.7.3.1 To approve the proposed selection by the Regulated Cooling Service Purchaser, whether this approval is based on information previously submitted by the Regulated Cooling Service Purchaser or based on any other conditions, waivers, or requirements, as determined by the Department.

4.7.3.2 And/or to issue instructions to the Regulated District Cooling Service Purchaser requiring it to cancel or suspend the regulated Request for Proposal process.

4.7.3.3 And/or to issue instructions to the Regulated District Cooling Service Purchaser requiring it to cancel the regulated Request for Proposal process submitted to the Department and replace it with a new regulated Request for Proposal process that complies with the requirements set forth in Chapter Four of these regulations.

4.7.4 If the Department decides not to approve the proposed selection by the Regulated District Cooling Service Purchaser of the registered district cooling service provider, the Department should provide the Regulated District Cooling Service Purchaser with the reasons for its decision in writing and in detail, in addition to reasonable supporting information for its decision, as the Department deems appropriate and at its sole discretion.

## **5. Pricing Regulation**

### **5.1 General Principles**

The regulation set forth in Chapter Five of these regulations has been prepared to enhance the transparency and fairness of the tariffs and fees for district cooling services applied by licensees with respect to contractual service measures for district cooling within the Emirate.

### **5.2 Application and Scope**

5.2.1 The regulation set forth in Chapter Five of these regulations shall apply during the regulated Request for Proposal stage for a district cooling project and after the award and execution of the binding contract for district cooling services by the licensee.

5.2.2 The regulation set forth in Chapter Five of these regulations shall apply to all registered and licensed district cooling service providers who have been awarded binding contracts for district cooling services and who have entered into these agreements to perform licensed district cooling services.

5.2.3 The Department may adjust the status of "existing district cooling systems" in the Pricing Regulation – on a case-by-case basis – as explained in the guidelines issued by the Department from time to time.

### **5.3 Price Control**

5.3.1 Each registered district cooling service provider shall ensure that the levelized cost of providing the proposed licensed district cooling services to the district cooling system of the Regulated District Cooling Service Purchaser at Full Build-Out is lower than the levelized cost of providing the best alternative conventional cooling solutions in the Emirate to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system, and shall provide the Department with all reasonable written information and documentary evidence proving that this cost has been determined in good faith.

5.3.2 In the case of partial price regulation conditions, the registered district cooling service provider shall – in addition to complying with the requirements set forth in Clause 5.3.1 above – do the following:

(a) Provide the Department, for approval, with the proposed tariffs and fees for district cooling services payable by each developer operating in the relevant regulated district cooling system that is or will be supplied with licensed district cooling services by the registered district cooling service provider,

(b) and ensure that the total price for district cooling services payable by all developers of licensed district cooling services operating in the relevant regulated district cooling system is lower than the total price for district cooling services payable by developers of licensed district cooling services based on the best alternative conventional cooling solutions in the Emirate to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system.

5.3.3 In the case of full price regulation conditions, the registered district cooling service provider shall – in addition to complying with the requirements set forth in Clauses 5.3.1 and 5.3.2 above – do the following:

(a) Provide the Department, for approval, with the proposed tariffs and fees for district cooling services payable by end-user customers in the relevant regulated district cooling system that will be supplied with licensed district cooling services by the registered district cooling service provider,

(b) ensure that the total price for district cooling services payable by all end-user customers for licensed district cooling services in the relevant regulated district cooling system is lower than the total price for district cooling services payable by all end-user customers for licensed district cooling services based on the best alternative conventional cooling solutions in the Emirate to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system.

5.3.4 The Department may – after the approval of the Executive Council – decide to approve or disapprove the proposed tariffs and fees for district cooling services submitted by the registered district cooling service provider, based on the following:

(a) The information submitted by the registered district cooling service provider in accordance with Clauses 4.5.1, 5.3.1, and 5.3.3 (in their entirety).

(b) The internal assessment conducted by the Department and its determination of the applicable levelized cost and the total price for district cooling services using the best alternative conventional cooling solutions in the Emirate to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system.

(c) The comparison made by the Department between the levelized cost proposed by the relevant registered district cooling service provider in accordance with the District Cooling Regulations to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system and the internal assessment conducted by the Department (in accordance with clause (b) above) and the Department's determination of the levelized cost of the best alternative conventional cooling solutions.

(d) And the comparison made by the Department between the total price payable by developers of licensed district cooling services and/or end-user customers (as applicable) proposed by the relevant registered district cooling service provider to meet the cooling requirements of the relevant Regulated District Cooling Service Purchaser's district cooling system and the internal assessment conducted by the Department in accordance with clause (b) above) and the Department's determination of the total price payable by developers of licensed district cooling services or end-user customers based on the best alternative conventional cooling solutions.

5.3.5 In the event that:

(a) The Department approves the proposed tariffs and fees for district cooling services submitted by the registered district cooling service provider in accordance with Chapter Five.

(b) And the district cooling services contract is awarded to the registered district cooling service provider by the Regulated District Cooling Service Purchaser after the Department's approval of the proposed selection of the final registered district cooling service provider in accordance with regulation clause 4.7 above.

Then the relevant registered district cooling service provider has the right to adjust the approved district cooling services fees and tariffs annually in accordance with the values, averages, formulas, or mechanisms determined by the Department in accordance with regulation clause 4.7 and based on:

- (a) The Consumer Price Index and water and electricity prices in the Emirate.
- (b) And the absence of exceptional profits recorded for the registered district cooling service provider.

## **5.4 District Cooling Services Tariff Structure, Cost Recovery, and Allocation**

5.4.1 Any of the following entities shall be obligated to pay the Connection Charges:

- (a) The real estate developer of the relevant district cooling system that has been or will be served by the district cooling system of a district cooling service provider to provide licensed district cooling services at the time of actual connection to the district cooling system of the district cooling service provider,
- (b) or the owner of the building (relevant buildings) that has been or will be served by the district cooling system of a district cooling service provider to provide licensed district cooling services at the time of actual connection of this building (these buildings) to the district cooling network of the district cooling service provider.

5.4.2 The district cooling service provider performing licensed district cooling services is entitled to charge Connection Charges determined through the competitive tendering process in accordance with Chapter Four (or as adopted and approved by the Department in the case of existing district cooling projects) to recover the reasonable capital costs of the district cooling network and the energy transfer system equipment of the district cooling service provider, plus a reasonable return on investment and the cost of debt financing for such incurred capital costs. No adjustment or modification shall be made to the Connection Charges as a result of an unforeseen change – whether annually or otherwise –

from the reference date mentioned in the Request for Proposal in accordance with Chapter Four.

5.4.3 The following entities shall be obligated to pay the Capacity Charges under the circumstances described below:

(a) In the case of partial price regulation conditions, the Capacity Charges shall be paid by the relevant developer who receives licensed district cooling services from the district cooling service provider,

(b) And in the case of full price regulation conditions, the fixed charges shall be paid by:

(1) With respect to each individual unit located within the district cooling system, the owner(s) of that unit,

(2) And with respect to the common areas within a building located in the district cooling system, the building owner or the building's owners' association.

5.4.4 District cooling service providers performing licensed district cooling services are entitled to charge Capacity Charges determined through the competitive tendering process in accordance with Chapter Four (or as adopted and approved by the Department in the case of existing district cooling projects) to recover the reasonable capital costs of the district cooling plant plus a reasonable return on investment and the reasonable costs of debt financing for such capital costs and the fixed operation and maintenance costs related to the provision of licensed district cooling services. The portion related to the fixed operation and maintenance costs of the Capacity Charges shall be adjusted or modified as a result of an unforeseen change annually against the Consumer Price Index, and the remaining portion of the Capacity Charges shall not be adjusted or modified as a result of an unforeseen change, whether annually or otherwise, from the specified reference date mentioned in the Request for Proposal in accordance with Chapter Four.

5.4.5 The following entities shall be obligated to pay the Consumption Charges under the circumstances described below:

(a) In the case of partial price regulation conditions, the Consumption Charges shall be paid by the relevant developer who receives licensed district cooling services from the district cooling service provider,

(b) And in the case of full price regulation conditions, the Consumption Charges shall be paid by:

(1) With respect to each individual unit, the registered tenant of that unit (whether or not this tenant occupies the unit) or the owner of the unit if there is no registered lease contract for that unit,

(2) And with respect to the common areas within a building in the district cooling system, the building owner or the building's owners' association.

5.4.6 The district cooling service provider performing licensed district cooling services is entitled to charge Consumption Charges to recover variable operation and maintenance costs.

5.4.7 The Consumption Charges consist of the following three components:

(a) The electricity component is subject to adjustment or modification as a result of an unforeseen change, based on the change made to the electricity tariff imposed by the relevant distribution company in the Emirate on the registered district cooling service provider from the specified reference date mentioned in the Request for Proposal in accordance with Chapter Four, on each respective date on which the electricity tariff was changed,

(b) The water component is subject to adjustment or modification as a result of an unforeseen change, based on the change made to the water tariff imposed by the relevant distribution company in the Emirate on the registered district cooling service provider from the specified reference date mentioned in the Request for Proposal in accordance with Chapter Four, on each respective date on which the water tariff was changed,

(c) And the remaining component is subject to adjustment as a result of an unforeseen change, based on the Consumer Price Index from the specified reference date mentioned in the Request for Proposal in accordance with Chapter Four, against the average Consumer Price Index for the calendar year before January 1 of the current calendar year.

5.4.8 The retail district cooling service provider or the integrated district cooling service provider shall ensure that any invoice related to Consumption Charges payable by residential category customers is calculated based on the customer's actual consumption of cooling energy.

5.4.9 The following entities shall be obligated to pay the additional fees for district cooling services under the circumstances described below:

(a) In the case of partial price regulation conditions, the additional fees for district cooling services shall be paid by the relevant developer who receives licensed district cooling services from the relevant district cooling service provider,

(b) And in the case of full price regulation conditions, the additional fees for district cooling services shall be paid:

(1) With respect to each individual unit, by the registered tenant of that unit (whether or not this tenant occupies the unit) or the owner of the unit if there is no registered lease contract for that unit, and

(2) With respect to the common areas within a building in the district cooling system, they shall be paid by the building owner or the building's owners' association.

5.4.10 If a district cooling service provider provides or wishes to provide licensed district cooling services to a developer and to the facilities of that developer receiving these services, and these facilities include one or more residential category customers who have not entered into a retail transaction with the developer, this developer shall be obligated to:

(a) Obtain a retail district cooling service provider license,

(b) Enter into a retail transaction with each residential category customer based on the district cooling services fees and tariffs approved by the Department in accordance with the District Cooling Regulations

(c) Ensure that any invoice related to Consumption Charges payable by residential category customers is calculated based on the actual consumption of cooling energy by those customers.

## **5.5 Provision of Information**

5.5.1 Without prejudice to the Department's right to request any other information it deems necessary under these District Cooling Regulations or the terms of the license granted to the licensee, each licensee shall be obligated to provide the Department - annually and no later than the date specified below - with the information that the Department deems necessary to monitor the costs and prices associated with the provision of

licensed district cooling services in each district cooling system project, including but not limited to:

- (a) Respond (in reasonable detail) to the annual information request no later than [June 30] of each calendar year,
- (b) Financial statements covering the preceding calendar year, which have been audited and prepared in accordance with the accounting standards applicable in the United Arab Emirates, which must be submitted as soon as is reasonably practicable and in any event no later than March 31 of the end of the calendar year in which the financial statements were prepared,
- (c) Delivery of the "District Cooling System Information Statement" for the relevant calendar year, which shall be done as soon as possible and no later than April 30 of the year following the relevant year in which the statement was prepared, which displays the audited or verified accounting, pricing, and other information in accordance with the Department's requirements for each district cooling project.
- (d) Data of all currently supplied customers, including customer types (i.e., residential/commercial/office/individual tenants), their number, the land used, building data, and the number of units per individual customer,
- (e) Data regarding the district cooling services fees and tariffs payable by customers (including data on any district cooling services tariffs that will be amended in the following year) and all terms and conditions contained in the cooling services contracts,
- (f) Data regarding the quantity of cooling energy supplied to the district cooling projects covered by the license granted to the licensee,
- (g) Data regarding all profits and revenues generated from the provision of district cooling services and licensed district cooling services,
- (h) Data regarding all operating costs and capital costs incurred in connection with the provision of district cooling services and licensed district cooling services,
- (i) And the updated financial model, which must - at a minimum - meet the requirements of the updated financial models.

## **5.6 Publication**

5.6.1 Each licensee shall ensure that all approved district cooling services fees and/or tariffs are stated in the applicable district cooling services contract to which they are a party.

5.6.2 Each licensee shall publish the details of the applicable district cooling services fees and tariffs for each district cooling project on its website or in the manner requested by the Department from time to time.

## **5.7 Prohibited Activities**

5.7.1 Notwithstanding the approval of the district cooling services fees and tariffs applied by the licensee with respect to any district cooling project, the licensee is not entitled to:

(a) Provide licensed district cooling services to any residential category customer without a retail transaction contract based on the district cooling services fees and tariffs approved by the Department in accordance with the District Cooling Regulations,

(b) Make any modification to its district cooling services fees and tariffs other than the modifications approved by the Department in accordance with Clause 4.7.4 or permitted by the Department in writing,

(c) And generate a return – directly or indirectly – from providing district cooling services in a district cooling project at a rate higher than the minimum determined by the Department from time to time – which in the case of new district cooling projects is 3% higher than the rate of return in the financial model at the time of the competitive bidding in accordance with Chapter Four.

## **5.8 The Department's Right to Act**

5.8.1 If a licensee or a registered district cooling service provider fails to fulfill any of its obligations under the provisions of regulations 5.3 to 5.7 (in their entirety), the Department is entitled (at its absolute discretion) to do the following:

(a) Refuse to grant approval for the district cooling services fees and tariffs, in the event that these fees may not be applied by the relevant licensee.

The Department may reject the bid submitted by the relevant registered district cooling service provider participating in the regulated Request for Proposal.

(b) Approve the proposed district cooling services fees and tariffs either in the form submitted to the Department or based on any conditions, waivers, or requirements determined by the Department at its absolute discretion.

(c) Issue instructions obligating the relevant licensee or the relevant registered district cooling service provider to reduce the applicable district cooling services fees and/or tariffs, and obligating the licensee or the relevant registered district cooling service provider to comply with these instructions within the timeframes specified by the Department.

## **6. District Cooling Services Contractual Frameworks**

### **6.1 General Principles**

6.1.1 The minimum terms of the district cooling services contract, as stated in Appendix [1] of the District Cooling Regulations ("Minimum Terms of the District Cooling Services Contract"), have been established in accordance with Chapter Six of the District Cooling Regulations to ensure the compatibility of the main legal and contractual frameworks that apply to the sale and/or supply of district cooling services and to ensure the continued fair and equitable balance between the need to protect and not adversely affect the reasonable commercial requirements of licensed retail district cooling service providers and licensed district cooling service providers in the district cooling sector in the Emirate.

### **6.2 Application and Scope**

6.2.1 The requirements set forth in Chapter Six do not apply to a district cooling services contract ("Exempted District Cooling Services Contract") if all of the following conditions are met:

(a) The relevant district cooling services contract is concluded for the provision of licensed district cooling services,

(b) The relevant district cooling services contract is concluded between a district cooling service provider and a developer,

(c) No retail transactions are entered into - now or in the future - by the relevant developer,

(d) There are no residential category customers receiving licensed district cooling services or are obligated to pay for these services provided by the relevant developer under the relevant district cooling services contract.

6.2.2 The requirements set forth in Chapter Six do not apply to a district cooling services contract to the extent that exempted district cooling services are provided thereunder. If a district cooling services contract concluded from time to time includes terms relating to retail transactions [with residential category customers], then these terms must comply with the Minimum Terms of the District Cooling Services Contract. If the Department has reasonable grounds to believe that certain terms in an Exempted District Cooling Services Contract relate to a retail transaction [with residential category customers], the Department has the right to request access to and review the alleged Exempted District Cooling Services Contract.

6.2.3 The parties to an Exempted District Cooling Services Contract are not entitled to agree to make any amendments to such contract without obtaining prior written consent from the Department (and the Department may not unreasonably withhold such consent).

6.2.4 The requirements set out in each set of conditions within the Minimum Conditions for District Cooling Services Agreements shall be interpreted in a manner consistent with any mandatory requirements or specific prohibitions contained in the District Cooling Regulations, any mandatory requirements in the License, or the requirements of Law No. (11) of 2018, and shall be construed accordingly.

6.2.5 The requirements set out in each set of conditions within the Minimum Conditions for District Cooling Services Agreements are not intended to prevent or hinder any contractual measures that are introduced and/or recommended. Licensees to whom Chapter Six of the District Cooling Regulations applies are encouraged and urged to seek a distribution of rights, interests, undertakings, obligations, roles, and responsibilities under the relevant District Cooling Services Agreements in a manner that achieves a fair and equitable balance between:

- (a) protecting the legal interests of Customers,
- (b) not adversely affecting the reasonable commercial requirements of Licensees,

Licensees have the right to request an exemption from a requirement in Chapter Six to achieve this objective.

6.2.6 Specifically, the conditions within the Minimum Conditions for District Cooling Services Agreements provide certain protections for Customers who are registered facility owners:

(a) Any facility owner has the right to install a conventional cooling system, equipment, or machinery at their own expense, and has complete freedom to use conventional cooling at a time when they can benefit from district cooling system services,

(b) Any facility owner has the right to choose to permanently disconnect from the district cooling system, provided that the following conditions are met:

(1) The Customer pays in full any amounts due to the relevant district cooling service provider,

(2) The Customer provides a written notice of no less than 3 months to the district cooling service provider for service disconnection,

(3) The district cooling service provider shall carry out the disconnection procedures to ensure the task is performed correctly and safely, while the Customer must provide access to facilitate these procedures,

(4) Before the disconnection process, the Customer pays the disconnection fee to the district cooling service provider. Written approval must be obtained from the Department regarding the methodology and amount of this fee, taking into account the relevant costs incurred by the service provider, and the fixed fee payments due from the Customer to the service provider under any District Cooling Services Agreement for the remainder of the agreement's term or the period expected by the service provider to find an equivalent load (whichever is shorter),

(5) In the case of leased facilities, a no-objection certificate must be obtained from all lessors in these facilities.

6.2.7 Parties exempted from any of the conditions within the Minimum Conditions for District Cooling Services Agreements shall negotiate and

add a clause to terminate the District Cooling Services Agreement upon payment of the disconnection fee by the Customer to the district cooling service provider, which reflects the remaining payments for the capacity charge due under the relevant District Cooling Services Agreement (over the remaining term of the District Cooling Services Agreement or the period expected for the Service Provider to find an equivalent load - whichever is shorter) and the cost of disconnection.

6.2.8 In the event of a dispute regarding the relevant disconnection fee under Clause 6.2.6 or the termination fee under Clause 6.2.7, the Customer may refer the matter to the Department to determine the final amount of these fees. The Department shall provide its opinion within 20 working days of receiving complete information regarding the disputed fees.

Evidence and justifications for the Licensee's request for any exemptions shall be submitted to the Department for review and approval (with or without conditions), modification, or rejection.

### **6.3 District Cooling Services Agreements**

6.3.1 Any entity holding a valid license to carry out Integrated District Cooling Services—to the extent that it can enter into a retail sale transaction with Residential Customers—shall be obliged to enter into a District Cooling Services Agreement with such Customers in accordance with the applicable mandatory contractual requirements for District Cooling Services Agreements set out in Schedule [1] of the District Cooling Regulations issued in accordance with the terms of the License granted to that entity.

6.3.2 Any entity holding a valid license to provide (Stand-alone) District Cooling Provider Services—to the extent that it provides licensed district cooling services—shall be obliged to:

(a) Enter into a District Cooling Services Agreement with any entity holding a valid license for a Retail District Cooling Provider,

(b) And ensure that any terms in a District Cooling Services Agreement relating to retail sale transactions with the residential category comply with the applicable mandatory contractual requirements for District Cooling Services Agreements set out in Schedule [1] of the District Cooling

Regulations issued in accordance with the terms of the License granted to it.

6.3.3 Any entity holding a valid Retail District Cooling Provider license and not holding a valid (Stand-alone) District Cooling Provider license or an Integrated District Cooling Services license—to the extent that it provides retail district cooling services—shall be obliged to:

(a) Enter into a District Cooling Services Agreement with any entity holding a valid (Stand-alone) District Cooling Provider license or a valid Integrated District Cooling Services license,

(b) And enter into a District Cooling Services Agreement with End-User Customers in accordance with the applicable mandatory contractual requirements for District Cooling Services Agreements set out in Schedule [1] of the District Cooling Regulations issued in accordance with the terms of the License granted to it.

## **7. Connection to District Cooling Systems in Licensed Service Areas**

### **7.1 Connection to District Cooling Systems in Licensed Service Areas**

7.1.1 Areas designated by the Department as service areas for district cooling system applications shall be subject to the following rules and conditions:

(a) All registered district cooling service providers shall be obliged to:

(1) Apply for a license to provide licensed district cooling services for any new district cooling project in a licensed service area for district cooling system application, or

(2) Request an amendment to any existing license to expand an existing district cooling system.

(b) In the event that installed district cooling systems are not exempted from providing services to a building or a district cooling project—on a case-by-case basis—located in a licensed service area where district cooling is mandated, the registered district cooling service provider with the shortest connection corridors to the relevant building shall be selected.

(c) The Developer shall—through effective communication—ensure that the relevant related parties for all new buildings to be constructed in the development project are aware of the availability of the district cooling system infrastructure so that these buildings are planned, designed, constructed, and commissioned as buildings ready for connection to the district cooling system as stated in the District Cooling System Rules, and thus connect these buildings to the district cooling network located in the development project if deemed appropriate.

## **7.2 Exemptions**

7.2.1 The Department has the right to exempt a district cooling service provider from connecting a Customer to a district cooling system in the following cases:

- (a) If the available licensed capacity of the district cooling system has been set aside for a potential Customer, or
- (b) If the Department deems this exemption justified.
- (c) If the Customer, as a registered owner of a facility, submits a written request for complete disconnection from the district cooling system.

## **8. Review of a Department Decision**

### **8.1 Request for Review of a Decision**

8.1.1 A request submitted to the Department to review any decision issued by it under these Regulations must be in writing and accompanied by all relevant supporting documents or evidence.

### **8.2 Department's Request for Information**

8.2.1 The Department has the right to request from the entity applying for a review of its decision under Chapter Eight to provide any information or documents that the Department deems reasonable and necessary under the prevailing circumstances at the time, and the entity is obliged to provide the required information within the agreed period.

### **8.3 Department's Decision**

8.3.1 The Department is obliged to issue its decision within (60) days from the date of receiving the request for review of the decision.

8.3.2 The Department is obliged to notify the entity applying for a review of the decision of its decision within (5) working days from the date the decision is issued.

8.3.3 The Department has the right to:

(a) make any decision it deems appropriate for the circumstances at the time, and/or

(b) issue instructions it deems appropriate to the entity applying for the review and to third parties.

8.3.4 Any decisions or instructions issued by the Department shall be binding on the entity applying for the review and any other party mentioned in such decisions or instructions.

8.3.5 Failure to comply with the Department's decisions or instructions will be considered a failure to comply with these Regulations.

## **9. Non-Compliance with these Regulations**

### **9.1 Reporting Non-Compliance**

9.1.1 Cases of non-compliance with these Regulations or any act that can be considered non-compliance with these Regulations must be reported to the Department.

### **9.2 Enforcement Procedures**

9.2.1 In the case of non-compliance with these Regulations, the Department has the right to issue a compliance notice to the party that breached these Regulations or any other executive instrument or administrative penalties stipulated in Law No. (11) of 2018.

9.2.2 This notice, executive instrument, or administrative penalties must include the following:

(a) The name of the entity,

(b) The clause of the regulation that was breached,

(c) The timeframe given for compliance,

(d) And the administrative penalties and fines that will be taken against the entity in case of non-compliance with these Regulations within the given timeframe.

9.2.3 The Department of Energy may impose administrative fines and take administrative penalties against those who violate the provisions of these Regulations and the policies, decisions, circulars, and notices issued thereunder, as stipulated in paragraph 1.3 of these Regulations.

## **10. Governing Law**

### **10.1 Governing Law**

10.1.1 These Regulations and the rights and duties of the parties subject to them shall be governed by the laws of the Emirate of Abu Dhabi and the federal laws of the State as applied in the courts of the Emirate.

## **Schedule [1]**

### **Mandatory Conditions for District Cooling Services Agreements**

#### **Contents**

Section 1 – Mandatory Core Terms for the Supply of District Cooling Services to Licensees for the Retail of District Cooling Services.	49
Section 2 - Mandatory Conditions.	58
Clause 1- Contract Details	58
Clause 2- Prices, Charges, and Fees	58
Clause 3- Exclusivity.	59
Clause 4 - Contracted Capacity	61
Clause 5- Responsibilities of the Licensed District Cooling Services Supplier	61
Clause 6- Customer's Responsibilities	62
Clause 7 - Planned Service Interruptions and Other Interruptions	63
Clause 8 - Customer Consumption Meters	64
Clause 9 - Billing and Payment.	65
Clause 10- Discontinuation of Licensed District Cooling Services.	65
Clause 11- Liability and Consequential Loss.	66

Clause 12 - Termination	67
Clause 13 - Applicable Law and Dispute Resolution.	68
Clause 14 - Emergencies	68
Schedule 1 - Contract Details	69

## **Section 1 - Mandatory Conditions for the Supply of District Cooling Services by Retail Service Providers**

### **1. Status and Application**

a. The Department has issued these mandatory contractual terms and conditions, which must be—at a minimum—included in substance (and may not be deviated from) in every agreement, contractual terms, or similar arrangement governing the provision of Licensed District Cooling Services to a Customer prior to the purchase, commencement, sale, or provision of Licensed District Cooling Services (District Cooling Services Agreement) by licensed Retail Providers or licensed Wholesale Suppliers providing Integrated District Cooling Services, as a condition of the Licensee's license.

b. The Mandatory Conditions for a District Cooling Services Agreement do not apply if all the following conditions are met:

1. The District Cooling Services Agreement relates to the provision of Licensed District Cooling Services.
2. The District Cooling Services Agreement is between a Wholesale Supplier of District Cooling Services and a Retail Provider.
3. No retail transactions have been or will be conducted by the Retail Provider.
4. There are no Residential Customers receiving or required to pay for Licensed District Cooling Services supplied to them by the Retail Provider under the District Cooling Services Agreement.

c.) The Mandatory Conditions do not apply to Exempt District Cooling Services.

### **2. Non-Compliance**

Subject to paragraph 1(b) and paragraph 1(c), the Mandatory Conditions must be included in any District Cooling Services Agreement entered into

between a Licensed District Cooling Services Supplier and a Customer. Any provisions in a District Cooling Services Agreement that contradict these Mandatory Conditions in any way shall be null and void.

### **3. Definitions**

In the Mandatory Conditions, the following words shall have the meanings ascribed to them unless the context indicates otherwise:

**Actual Demand:** Means, in respect of a Customer's unit, in any hour during a billing period, the maximum use of cooling energy as measured in the Retail District Cooling Services Energy Transfer System Equipment Room using the Customer Consumption Meters;

**Billing and Collection Agent:** Means the party appointed by a District Cooling Provider who performs integrated district cooling services or who acts for and on behalf of, or on behalf of, a Retail District Cooling Provider for the purposes of carrying out customer billing, metering, or collection services, or all of them together, in respect of cooling energy in the form of chilled water supplied by any such District Cooling Provider or such Retail District Cooling Provider (as the case may be) to Customers;

**Building:** Means the building and its appurtenant facilities and structures that have been or will be constructed by or on behalf of the Customer.

**Building Owner:** Means the developer and/or owner (whether owner or tenant) of a building to which Licensed District Cooling Services are supplied by a Licensed District Cooling Services Supplier.

**Building System:** Means the chilled water system and associated equipment within the Building;

**Department:** Means the Department of Energy;

**Capacity Charge:** Means, in respect of a billing period under a District Cooling Services Agreement, the recurring fixed charge for the Contract Capacity, as determined in accordance with the District Cooling Services Agreement and in compliance with the requirements of any district cooling regulations and instructions issued by the Department of Energy.

**Chilled Water:** Means cold water (often chemically treated) used in a closed-loop hydronic system for air cooling and various cooling processes.

**Chilled Water Specifications:** Means the temperature of the Chilled Water as described in detail and agreed upon in the District Cooling Services Agreement;

**Comfort Cooling:** Means the cooling of a specific area within a facility used primarily for any of the following purposes:

- a) Residential and/or commercial purposes
- b) Providing public services within the Emirate, provided that the facility is not used for industrial purposes or for cooling industrial facilities.

**Consumption Charge:** Means, in respect of a billing period under a District Cooling Services Agreement, the recurring variable usage charge, as determined in accordance with the terms of the District Cooling Services Agreement and in compliance with the requirements of the District Cooling Instructions/Regulations;

**Contracted Capacity:** Means the production capacity of Licensed District Cooling Services, in kilowatts, contracted for by the Licensed District Cooling Services Supplier and the Customer under the District Cooling Services Agreement and specified in the Contract Details, which may be changed from time to time;

**Contract Details:** Means the details set out in Schedule 1 of the Mandatory Conditions

**Coolant:** Means chilled water or any other medium used for the purpose of providing district cooling services.

**Cooling Energy:** Means the removal of thermal energy, measured in megawatt-hours (MWh) or kilowatt-hours (kWh) of cooling

**Cooling Load:** Means the rate of heat load removal, measured in megawatt-hours (MWh) or kilowatt-hours (kWh) of cooling;

**Cooling Services Agreement:** Has the meaning given in paragraph 1(a) of Section 1 above (Status and Application);

**Customer** means a person or entity that includes, but is not limited to, the following:

- (a) a Building Owner who contracts with a Licensed District Cooling Services Supplier to provide licensed district cooling services;
- (b) and an Individual Customer;

**Customer Consumption Meters:** Means any device owned, operated, or maintained by the Licensed District Cooling Services Supplier and used in or in connection with the Building System for the purpose of determining the flow of cooling energy and chilled water;

**District Cooling Licensed Service Area:** Has the meaning given to this term in the District Cooling Jurisdictional Regulatory Regulations of 2006 issued by the Department and maintained, reviewed, and amended (as appropriate) by it;

**Standard No. (1) for a District Cooling Scheme:** Means a district cooling scheme that:

is at least equal to the Qualifying Cooling Load; and

comprises one or more Wholesale Customers who use district cooling for Comfort Cooling purposes.

**Standard No. (2) for a District Cooling Scheme:** Means a district cooling scheme that:

is less than the Qualifying Cooling Load; and

comprises only one (1) Wholesale Customer who uses district cooling services for Comfort Cooling purposes.

**District Cooling Network:** Means all distribution pipelines (via supply and return points) and related equipment operated and maintained by a lessee for the purpose of transporting coolant between one or more district cooling plants and one or more buildings;

**District Cooling Plants:** Means the plant, including pumping stations, chillers, thermal energy storage facilities, cooling towers, associated electrical substations, emergency power supply equipment, system control switches, electrical switchboards, and additional equipment for electrical installations, pipes, and other fittings and their associated equipment installed within the area of the cooling plant, which are used, operated, and maintained in the production of cooling energy and distribution of chilled water, operated or maintained or both for the purpose of supporting the provision of district cooling services, installed on a plot of land on which a district cooling plant is built and operated;

**Wholesale District Cooling Services Provider:** Means any entity that produces and distributes cooling energy by means of chilled water using a

district cooling system in accordance with the provisions of the Law for the purpose of supplying Wholesale District Cooling Provider Services or supplying Integrated District Cooling Services;

**Wholesale District Cooling Provider's Energy Transfer System**

**Equipment:** Means the facilities used to transfer cooling energy in the form of chilled water from the Wholesale District Cooling Provider's facilities to the Retail District Cooling Provider's facilities or to the building's cooling system, including without limitation the Wholesale Supplier's meters.

**Wholesale District Cooling Providers' Facilities:** Means the equipment and facilities, including District Cooling Plants, District Cooling Networks, and Wholesale District Cooling Provider's Energy Transfer System Equipment, and any other type of equipment installed, designed, erected, operated, and maintained by the Wholesale District Cooling Provider for the purpose of supplying Licensed District Cooling Services to Retail Providers or buildings via connection points and return points.

**Wholesale District Cooling Services (Stand-alone):** Means any activity other than the provision of Integrated District Cooling Services undertaken by a Wholesale District Cooling Provider, related to the production of cooling energy by means of chilled water using one or more District Cooling Plants, and the distribution of cooling energy to licensed suppliers of district cooling services;

**Retail District Cooling Services Provider:** Means any entity that obtains cooling energy using chilled water from a Wholesale District Cooling Provider for the purpose of reselling the obtained cooling energy (where the context requires) including any entity that supplies Integrated District Cooling Services by providing or selling cooling energy, or both, to end-user Customers using chilled water (either directly or through one or more Billing and Collection Agents);

**Retail District Cooling Providers' Facilities:** Means the equipment and facilities owned, designed, and installed by:

Retail District Cooling Providers as required to supply Retail District Cooling Services to End-User Customers; or

Wholesale District Cooling Providers to the extent that Integrated District Cooling Services are provided to End-User Customers

And in each case, whether directly or indirectly through one or more Billing and Collection Agents.

**Retail District Cooling Services:** Means any activity undertaken by Retail District Cooling Providers in connection with:

the purchase of Wholesale District Cooling Services from a Wholesale District Cooling Provider and the resale of the cooling energy thus obtained to End-Users; and/or

the undertaking of Integrated District Cooling Services by supplying or selling cooling energy, or both, using chilled water

and in each case to End-User Customers (whether directly or indirectly through one or more Billing and Collection Agents);

**District Cooling Scheme:** Means any real estate development project (including any master or sub-development project) or building complex located in a licensed district cooling services area connected to one or more district cooling systems or served by such a system, or planned to be connected to one or more district cooling systems or planned to be served by such a system;

**District Cooling System:** Means the equipment comprising a central system for the production and distribution of cooling energy using chilled water from a central cooling plant to a number of facilities via a network of underground pipes.

**District Cooling:** Means the cooling of facilities through central cooling networks and systems using coolant from a central cooling plant.

**Emergency:** Means any event or circumstance (including a material leak of water) which occurs in or around any Building System, Retail District Cooling Providers' Facilities, or Wholesale District Cooling Providers' Facilities, regardless of the cause, which results in or could reasonably be expected to result in:

the death of any person or harm to their health or safety;

any substantial loss, material damage, or disruption to any property or harm to the environment; or

(c) any event or circumstance requiring a total or partial shutdown of the relevant Building System, Retail District Cooling Providers' Facilities, or Wholesale District Cooling Providers' Facilities in order to comply with—or

to avoid a breach of—any order relating to Legal Requirements or the practice of Good Utility Practice;

**Exempt District Cooling Services:** Means the provision of district cooling services to a District Cooling Scheme

a) which:

1. is less than the Qualifying Cooling Load; and
2. comprises only one Wholesale Customer; and
3. this Wholesale Customer does not engage in any retail sales, provided that—for the avoidance of doubt—Prohibited District Cooling Activities shall not be considered Exempt Cooling Services; or

b) comprises Wholesale Customers who use district cooling primarily for purposes other than Comfort Cooling.

**Good Utility Practice:** Means the skill, care, timeliness, and diligence reasonably expected of (as the context requires) a suitably qualified operator in the district energy industry in the United Arab Emirates with experience in performing such services for projects of a similar type, nature, and complexity to the Licensed District Cooling Services;

**Governmental Authority:** Means the government of the Emirate of Abu Dhabi or any ministry, department, branch, division, or affiliate thereof, and any person subject to the direct or indirect control of any government exercising executive, legislative, judicial, regulatory, or administrative functions, or in connection with the government or any other governmental body, state institution, entity, authority, institution, commission, or council, or any independent regulatory authority, and in each of these cases being within the Emirate of Abu Dhabi, and any successor to the Licensed District Cooling Services Supplier for any of the foregoing.

**Individual Customer:** Means the owner of the Unit (whether a freehold or leasehold owner) or the tenant of the Unit or other occupant of the Unit in the Building, including the Building Owner in that capacity granted to them, to whom Licensed District Cooling Services are supplied or sold by the Licensed District Cooling Services Supplier;

**Interruption of Service:** Means the failure of the Licensed District Cooling Services Supplier to provide Licensed District Cooling Services in

accordance with the terms of the District Cooling Services Agreement, other than a Planned Interruption of Service;

**Integrated District Cooling Services:** Means the performance by any entity of Licensed District Cooling Services through the production of cooling energy using chilled water from one or more district cooling plants for the purpose of its distribution, sale, and supply to End-User Customers, either directly or through one or more Billing and Collection Agents;

**Kilowatt-hour cooling (kWhc):** Means the unit of measurement for cooling energy;

**Mandatory Conditions:** Has the meaning given to it in Section 1, paragraph 1 (Status and Application) above;

**Law:** Means Law No. (11) of 2018 Concerning the Establishment of the Department of Energy and its executive and implementing regulations.

**Legal Requirements:** Means all laws (including the Law), authorizations, approvals, decrees, licenses, permits, exemptions, concessions, exceptions, procedures, accreditations, no-objection certificates, and filings with all Governmental Authorities necessary for the supply of Licensed District Cooling Services in accordance with the District Cooling Services Agreement, and any final, non-appealable judicial ruling that applies directly to the relevant party or any Governmental Authority having jurisdiction over the relevant matter;

**Licensed District Cooling Services:** Means—in accordance with the terms of the District Cooling Services Agreement and the Mandatory Conditions—the following:

- a) the supply of chilled water meeting the applicable Chilled Water Specifications at the connection points by the Licensed District Cooling Services Supplier to the Customer within a District Cooling Scheme that meets the requirements of either Standard No. (1) for District Cooling or Standard No. (2) for District Cooling, provided that this activity does not fall under Exempt District Cooling Services; and
- b) the reception of return chilled water at the relevant return point(s);

**Licensed Water Cooling Services Supplier:** Has the meaning given to it in Section 1, paragraph 1(a) (Status and Application);

**Megawatt-hour cooling (MWhc):** Means a unit of measurement for cooling energy, equal to 1000 kilowatt-hours cooling;

**The Parties/The two Parties:** Means the parties to the Water Cooling Services Agreement;

**Planned Service Interruption:** Means the shutdown of equipment within the Wholesale District Cooling Providers' Facilities or the Retail District Cooling Providers' Facilities to conduct or perform maintenance or repair work on this equipment, resulting in an interruption in the provision of Licensed District Cooling Services, in which case the relevant Customers must be notified of any such service interruption in advance;

**Point of Connection:** Means the point at which cooling energy is supplied from the Retail District Cooling Providers' Facilities or the Wholesale District Cooling Providers' Facilities (in the case of Wholesale District Cooling Providers providing Integrated District Cooling Services) to the Customers' Building System, which—in this case—must be agreed upon in the District Cooling Services Agreement;

**Point of Return:** Means the point at which chilled water returns from the Customers' Building System or heat exchangers, or both, connected to the Building System, which—in this case—must be agreed upon in the District Cooling Services Agreement;

**Premises:** Means any land, building, structure, or air-conditioned area;

**Prohibited District Cooling Activity:** Means directly undertaking the supply of district cooling services to a District Cooling Scheme with less than the Qualifying Cooling Load, which includes only one Wholesale Customer who enters into a retail transaction.

**Wholesale Customer:** Means the entity that owns, operates, or manages on a wholesale basis a building located in a District Cooling Scheme, which is connected to the district cooling network and system, either of which has a direct connection (using one or more heat exchange stations for the purpose of transferring cooling energy via one or more heat exchange stations);

**Qualifying Cooling Load:** Means—in respect of a District Cooling Scheme—the maximum expected cooling load in the District Cooling Scheme, assuming the full completion of the development plan for the District Cooling Scheme submitted to the Department based on the Scope of

Application Regulation, being equal to or exceeding 5,000 tons of refrigeration<sup>1</sup>, provided that the cooling loads of any existing buildings within

<sup>1</sup> Note: To be replaced with the metric equivalent

the District Cooling Scheme or existing industrial facilities within any such District Cooling Scheme are excluded for the purpose of calculating the Qualifying Cooling Load.

**Retail District Cooling Services Energy Transfer System Equipment:**

Means the facilities used to transfer cooling energy from the Retail District Cooling Provider's Facilities or the Wholesale District Cooling Providers' Facilities (in the case of Wholesale District Cooling Providers providing Integrated District Cooling Services) to the Customers' Building System, which include the following:

- a) in the case of direct connection, pipes, valves, measuring devices, control devices, and Customer Consumption Meters; and
- b) in the case of indirect connection, heat exchangers, pipes, valves, sensors, Customer Consumption Meters, measuring devices, and control devices;

**Retail District Cooling Services Energy Transfer System Room:** Means the room that houses the Retail District Cooling Services Energy Transfer System Equipment and its associated Customer Consumption Meters;

**Retail Transactions:** Means any arrangement whereby Wholesale Customers or Retail District Cooling Providers—by issuing a periodic invoice—require End-User Customers to pay fees or make financial payment to the Wholesale Customers or Retail District Cooling Providers (directly or indirectly through one or more Billing and Collection Agents) for the provision of district cooling services;

**Tariff:** Means the prices or charges for or associated with the provision of district cooling services and the operation and maintenance of the network connection or for the maintenance or improvement of all or part of the district cooling system, which are assessed by the licensed entity in accordance with the terms of the license or exemption or any regulatory regulation or at the direction of the Department;

**Temperature Differential Event:** Has the meaning given to it in Section 2, Clause 6, Paragraph 2;

**Term:** Means the duration of the District Cooling Services Agreement, as more specifically described in the Contract Details of the District Cooling Services Agreement;

**State:** Means the United Arab Emirates; and

**UAE Dirham:** Means the official currency of the United Arab Emirates;

**Unit:** Means any defined part of the Building leased or owned by the Individual Customer, including apartments, houses, residential units, leased units, commercial units, or any other form of separate accommodation within the Building.

#### **4. Interpretation**

For the purposes of the Mandatory Conditions, the following shall apply:

a) The words and phrases "include", "comprise", "including", and "in which" shall each be read to mean "including but not limited to," unless otherwise stated;

b) Unless expressly stated otherwise in the Mandatory Conditions, all references in the Mandatory Conditions to clauses and schedules are to the clauses and schedules of the Mandatory Conditions;

c) Unless expressly stated otherwise in the Mandatory Conditions, the specific meanings of all defined terms shall apply equally to the singular and plural forms of these terms;

d) When reference is made in the document to a number of days or months, this refers to days and months according to the Gregorian calendar;

e) The basis for all time periods shall be and shall be calculated according to the Gregorian calendar;

f) As used in the Mandatory Conditions, a reference to any party (or two parties/parties), the Department, or any other person shall include a reference to its successors, transferees, and authorized assigns.

## **Section 2 - Mandatory Conditions**

### **Clause 1 - Contract Details**

1. The parties to the District Cooling Services Agreement shall include the Contract Details substantially in the form attached in Schedule 1—at a

minimum—in the District Cooling Services Agreement, and they should complete it as fully as possible.

## **Clause 2 - Prices, Charges, and Fees**

1. All fees, prices, charges, and costs to which the Customer may be subject or for which they may be responsible shall be priced in UAE Dirhams, must be clearly specified in the District Cooling Services Agreement, and any such prices, charges, and fees must be specified and may only be adjusted in accordance with the terms of the Licensed District Cooling Services Supplier's license and the applicable District Cooling Regulations issued from time to time.

2. Without restricting paragraph 1 above, unless otherwise required by any Legal Requirement, the District Cooling Services Agreement shall only oblige the Customer to pay the Licensed District Cooling Services Supplier those pricing tariffs and charges that are properly allocated to the Customer in accordance with the requirements of

the District Cooling Regulations. For the avoidance of doubt, a District Cooling Services Agreement with any Individual Customer, whether a tenant or occupant of the property (and not the owner of the relevant unit), shall not oblige any such Customer to pay a Capacity Charge.

3. Unless otherwise agreed in the District Cooling Services Agreement, the Licensed District Cooling Services Supplier is entitled to require each [Individual] Customer to pay a security deposit or provide an equivalent payable guarantee not exceeding the greater of:

a) an amount of AED 1,000; or

b) an amount equivalent to one month's average (calculated by reference to the twelve-month invoices) of the total capacity charges payable by the Customers as stated in the applicable District Cooling Scheme.

4. Each District Cooling Services Agreement with the [Individual] Customer shall require the refund of any such deposit or equivalent payable guarantee to the Customer upon the transfer or termination of the Licensed District Cooling Services, provided that the Customer settles all delivered invoices submitted in accordance with the District Cooling Services Agreement and the Mandatory Conditions with the Licensed Cooling Services Supplier, prior to the transfer or termination of the Licensed District Cooling Services.

### **Clause 3 - Exclusivity**

1. The District Cooling Services Agreement shall include a declaration and undertaking from the Customer to the effect that, for the duration of the Term and in accordance with paragraph 2 below:

a) the Licensed District Cooling Services Supplier shall be the exclusive supplier of Licensed District Cooling Services to the Customer's building or property unit, or both, to which the Licensed District Cooling Services will be provided;

b) the Customer shall exclusively use the Licensed District Cooling Services provided to the Customer for the purpose of cooling the Customer's building or property unit, or both, to which the Licensed District Cooling Services will be provided;

c) and the Customer is prohibited, unless the Licensed District Cooling Services Supplier agrees, from:

(1) purchasing any Licensed District Cooling Services for the building or unit from suppliers other than the Licensed District Cooling Services Supplier; and

(2) sharing any chilled water purchased from the Licensed District Cooling Services Supplier,

or selling this chilled water to another customer or transferring it outside the building or unit.

2. The District Cooling Services Agreement permits the Customer to purchase any backup supply of chilled water from suppliers other than the Licensed District Cooling Services Supplier, in the following cases:

a) in the event of a Service Interruption (unless such a Service Interruption results from an act of negligence, default, or failure to perform obligations on the part of the Customer) or any planned service interruption, which may continue;

b) during any Emergency (unless resulting from an act of negligence, default, or failure to perform obligations on the part of the Customer) in the event that the Licensed District Cooling Services Supplier ceases to provide Licensed District Cooling Services; or

c) if the Licensed District Cooling Services Supplier is unwilling or unable to provide the Licensed District Cooling Services (unless this is caused by an

act of negligence, default, or failure to perform obligations on the part of the Customer, or a material breach of the District Cooling Services Agreement by the Customer).

3. Every District Cooling Services Agreement entered into by a Retail District Cooling Provider, which does not provide Integrated District Cooling Services and receives services from a Wholesale District Cooling Provider, must include a declaration from the Customer that the Retail District Cooling Provider is supplied with chilled water exclusively by the Licensed Wholesale District Cooling Provider, and must include an undertaking that the Customer does not use (unless the Retail District Cooling Provider agrees otherwise) any other means of air conditioning for its building or unit, and that it operates this facility in parallel with the Retail District Cooling Provider's facilities within the building or takes any other action that would cause a breach by the Licensed District Cooling Services Supplier of its exclusive obligations to any such Wholesale District Cooling Service Provider as agreed in the wholesale district cooling supply agreement between the Retail District Cooling Provider and the Wholesale District Cooling Provider.

4. Every District Cooling Services Agreement entered into by a Retail District Cooling Provider, which does not provide Integrated District Cooling Services and receives services from a Wholesale District Cooling Provider, shall state that the Customer must include an enforceable clause in any sale and purchase agreement or any lease agreement for the building or unit, or both, stating that the new owner of the building, the new owner of the unit, the tenant of the unit, or any new occupant of the unit is required to obtain chilled water for air conditioning purposes exclusively and exceptionally from the Wholesale District Cooling Provider, and to ensure the full and timely effect of these provisions.

#### **Clause 4 - Contracted Capacity**

1. Unless otherwise agreed in the District Cooling Services Contract, the Contracted Capacity shall be determined for the term specified in the Contract Details, and shall be subject to review as agreed by the Parties or as otherwise permitted under the District Cooling Services Contract.

2. The District Cooling Services Contract must provide that if the actual demand at any stage exceeds the Contracted Capacity (Excess Demand), then:
  1. The Licensed District Cooling Provider is not required to meet the Excess Demand but must use its commercially reasonable endeavors to meet any such Excess Demand; and
  2. The Customer is not entitled to require the Licensed District Cooling Provider to meet the Customer's actual demand in excess of the limit for which the Customer is required to pay the Capacity Charge in accordance with the District Cooling Services Contract and the District Cooling Regulations, and the Customer must continue to pay the Capacity Charge in full despite any failure to meet the actual demand to the extent caused by any such Excess Demand.

### **Clause 5 - Responsibilities of the Licensed District Cooling Provider**

1. Unless the parties to the District Cooling Services Contract expressly agree otherwise, the District Cooling Services Contract shall require the Licensed District Cooling Provider to be responsible for the design, construction, installation, testing, and commissioning of its own facilities (in accordance with the District Cooling Regulations), and this shall include the Retail District Cooling Provider's facilities, in the case of a contract with a Retail District Cooling Provider that does not also provide integrated District Cooling Services.
2. The District Cooling Services Contract shall require the Licensed District Cooling Provider, at its own expense and in accordance with Good Utility Practice, to provide the Customer with the Licensed District Cooling Services up to the Contracted Capacity at all times during the term on a twenty-four-hour basis, subject to any such Licensed District Cooling Services being constrained or interrupted at certain times if the following occurs:
  1. An Emergency;
  2. A Planned Service Outage (for example, for major repairs);
  3. Any maintenance or repairs not amounting to a Planned Service Outage); or
  4. The occurrence of any Force Majeure Event.

3. The District Cooling Services Contract shall require the Licensed District Cooling Provider to provide the Customer with copies of the "Design Standards for District Cooling Facilities - Finished Buildings" provided as part of the District Cooling Regulations.

## **Clause 6 - Customer Responsibilities**

1. The District Cooling Services Contract shall require the Customer to ensure the following:
  1. To provide a safe and secure space within or near the Customer's building, which is suitable and appropriate for the installation, inspection, testing, repair, maintenance, operation, and replacement of the retail district cooling energy transfer system equipment and customer consumption meters, free of charge, and this space must meet the site standards described in the District Cooling Regulations (if any);
  2. Not to extract fluids from the retail district cooling energy transfer system equipment;
  3. Not to use cooling energy from an area upstream of the customer consumption meters;
  4. Not to perform work on, damage, or cause any act or undertake or permit any action that would cause the Retail District Cooling Provider to breach its obligation (if any) and not to damage the Wholesale District Cooling Provider's facilities;
  5. To comply with applicable legal requirements, law, and the District Cooling Regulations to prepare the Customer's building to receive licensed chilled water services;
  6. The design of the Customer's building systems shall comply with the "Design Standards for District Cooling Facilities - Finished Buildings" provided as part of the District Cooling Regulations.
  7. At all times, the building shall be equipped with the necessary electricity supply, public utilities, and infrastructure facilities, which should be in good working condition as required for the provision of Licensed District Cooling Services.
2. The District Cooling Services Contract shall require the Customer to ensure that it does not cause or knowingly permit any action that results in the temperature of the chilled water at the return point

- being outside the minimum allowable tolerance agreed upon in the District Cooling Services Contract (a temperature differential event).
3. Without prejudice to Clause 14 (Emergencies), the District Cooling Services Contract shall require the Customer not to cause or knowingly permit any action that prevents the provision of Licensed District Cooling Services, the return of chilled water, or the operation, maintenance, repair, replacement, construction, installation, expansion, removal, or alteration of the Retail District Cooling Provider's facilities, or cause the Retail District Cooling Provider to breach its obligations towards the Wholesale District Cooling Provider regarding the prevention of interference with the Wholesale District Cooling Provider's provision of standalone Wholesale District Cooling Provider services to the Retail District Cooling Provider, or the return of chilled water, or the operation, maintenance, repair, replacement, construction, installation, expansion, removal, or alteration of the Wholesale District Cooling Provider's facilities.
  4. Subject to any reasonable notice periods or other reasonable requirements, or both, agreed upon in the District Cooling Services Contract, the District Cooling Services Contract shall require the Customer to grant the Licensed District Cooling Provider, its subcontractors, and relevant employees the following:
    1. Unobstructed access from 7 a.m. to 9 p.m. to each of the retail district cooling energy transfer system equipment rooms and customer consumption meters, for the purposes of inspecting, repairing, and maintaining the Retail District Cooling Provider's facilities (and the ability to access any such areas between 9 p.m. and 7 a.m. in any Emergency); and
    2. All rights of way, rights of access or entry, easements, permits, licenses, and other rights regarding the Retail District Cooling Provider's facilities and the building systems owned and managed by the Customer as may be reasonably necessary for the Licensed District Cooling Provider to perform its obligations and exercise its rights under the District Cooling Services Contract, including (as applicable) to connect or enable the connection of the Retail District Cooling Provider's facilities to the building system, and to inspect, operate, and maintain the customer consumption meters.

## **Clause 7 - Planned and Other Service Interruptions**

1. As soon as either Party becomes aware of an actual or potential service interruption, the District Cooling Services Contract shall require that Party to notify the other Party in a timely manner and without delay.
2. The District Cooling Services Contract shall require the Licensed District Cooling Provider to use its commercially reasonable endeavors and in accordance with Good Utility Practice to restore the provision of Licensed District Cooling Services as soon as possible following a service interruption.
3. The District Cooling Services Contract shall provide that no service interruption exceeding two calendar days shall be grounds for the waiver of any of the Customer's payment obligations under the District Cooling Services Contract.
4. When scheduling any planned service interruption, the District Cooling Services Contract shall require the Licensed District Cooling Provider to do the following:
  1. Limit the interruption of Licensed District Cooling Services to ensure, as far as is reasonably possible, the availability of the Contracted Capacity in accordance with Clause 4, Paragraph 1; and
  2. Ensure that the planned service interruption occurs during the winter months (or in a low cooling demand situation) and outside of normal business hours in Abu Dhabi, to minimize the interruption to Licensed District Cooling Services.

## **Clause 8 - Customer Consumption Meters**

1. Subject to the applicable District Cooling Regulations, the District Cooling Services Contract shall provide that:
  1. Customer consumption meters shall be used for billing purposes between the Licensed District Cooling Provider and the Customer; and
  2. Customer consumption meters shall be subject to inspection at regular intervals by the Licensed District Cooling Provider as stipulated in the District Cooling Regulations.

2. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider is responsible for installing a seal or lock on the customer consumption meters, and no person other than a duly authorized representative of the Licensed District Cooling Provider shall be permitted to remove or replace the Licensed District Cooling Provider's seal or lock, interfere with the operation of the customer consumption meters (or their connections and regulators), or interfere with or operate any other service delivery equipment owned or provided by the Licensed District Cooling Provider in connection with the provision of Licensed District Cooling Services, unless such action is required:
  1. In accordance with any legal requirements;
  2. To prevent injury to any persons or serious damage to property;  
or
  3. In case of an Emergency.
3. The District Cooling Services Contract shall provide that if the Customer suspects the accuracy of the customer consumption meters serving the building or any unit owned, operated, or leased by them, the relevant Customer may request in writing that they be inspected by an independent body located in the United Arab Emirates.
4. If the customer consumption meters are found to be accurate within the permissible tolerance specified in the District Cooling Regulations, the District Cooling Services Contract shall require the relevant Customer to pay the reasonable inspection fees; otherwise, the Licensed District Cooling Provider shall pay any such inspection fees.
5. The District Cooling Services Contract shall require the Licensed District Cooling Provider to restore or replace any inaccurate customer consumption meters free of charge.

## **Clause 9 - Billing and Payment**

1. The District Cooling Services Contract shall require the Licensed District Cooling Provider to issue invoices for the Licensed District Cooling Services provided to the Customer on a monthly basis based on the readings of the customer consumption meters, which shall include the itemized charges applicable to the invoice. Invoices will

- be sent by email with an SMS notification to the Customer upon sending any such invoice.
2. The District Cooling Services Contract shall require that invoices are due and payable upon submission to the Customer (other than connection or disconnection fees, which must be paid in advance), and will be paid subsequently within the payment period specified on each invoice (the minimum period being twenty (20) business days from the date the invoice is sent).

## **Clause 10 - Discontinuation of Licensed District Cooling Services**

1. Subject to applicable legal requirements and the conditions of the Licensed District Cooling Provider's license, the District Cooling Regulations, and paragraph 5 below of this Clause, the District Cooling Services Contract shall provide that the Licensed District Cooling Provider may discontinue the supply of Licensed District Cooling Services to the Customer in the event of the Customer's failure to pay or a material breach by the Customer of the District Cooling Services Contract, or both, which continues beyond any agreed grace periods specified in the District Cooling Services Contract.
2. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider is entitled to suspend Licensed District Cooling Services to the Customer at any time to prevent any fraudulent use of cooling energy (including any tampering with or alteration by the Customer of the customer consumption meters or pipes connected to the Customer's building or unit in any way to enable the unlawful use of chilled water supplied by the Licensed District Cooling Provider) to protect its property or its services to other customers.
3. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider is required to give reasonable prior written notice to the Customer of any discontinuation of Licensed District Cooling Services taking place in accordance with Clause 10 (Discontinuation of Services).
4. Each District Cooling Services Contract entered into with each individual customer shall only require each individual customer to

pay the Capacity Charge during any discontinuation of Licensed District Cooling Services if the individual customer is the owner of the relevant unit and is responsible for such discontinuation. For the avoidance of doubt, a tenant or occupier who is not the owner of the relevant unit shall not be required to pay the Capacity Charge.

5. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider is not entitled to discontinue the supply of Licensed District Cooling Services to the Customer in the following cases:
  1. Solely due to a temperature differential, unless the relevant Customer remains in default of payment of the additional temperature differential charges for more than the minimum number of consecutive days stipulated in the District Cooling Regulations; or
  2. Solely due to non-payment of any disputed invoice, if the relevant Customer has:
    1. Paid all undisputed invoices; and
    2. Notified the Licensed District Cooling Provider in writing within ten (10) business days of receiving an invoice containing any disputed amounts, and has attached reasonable evidence supporting the basis for the dispute, provided that the Licensed District Cooling Provider shall have the right to discontinue the supply of Licensed District Cooling Services to the relevant Customer if the relevant Customer does not pay the amounts due within the payment period specified in the District Cooling Services Contract, following the agreement of the Parties or a final determination that the disputed withheld payment is valid.
6. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider must restore the service as soon as practically possible and within two business days, in any event following the disconnection of Licensed District Cooling Services in accordance with the District Cooling Regulations and the equivalent Clause 10 (Discontinuation of Services) as included in the District Cooling Services Contract, provided that the Customer has paid the applicable reconnection fee (while the reconnection fee must be paid

in accordance with the District Cooling Services Contract and the District Cooling Regulations).

### **Clause 11 - Liability and Consequential Loss**

1. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider must exercise reasonable skill and care to provide the Customer with Licensed District Cooling Services in accordance with the District Cooling Services Contract and the District Cooling Regulations. Notwithstanding the foregoing, and subject to any specific provisions for Force Majeure and any applicable third-party indemnities for any negligent acts or omissions by the Parties, as agreed in the District Cooling Services Contract, in the event that a District Cooling Services Contract is entered into by a Retail District Cooling Provider that does not provide integrated District Cooling Services and receives services from a Wholesale District Cooling Provider, any such District Cooling Services Contract shall include provisions absolving the Retail District Cooling Provider from any liability arising from any delay or failure by the Wholesale District Cooling Provider to provide any such Licensed District Cooling Services to the Retail District Cooling Provider, if such delay or failure results from a Force Majeure event.
2. The District Cooling Services Contract shall provide that neither party to the District Cooling Services Contract shall be contractually liable to the other party for any loss of business, lost profits or revenue, or for any other special or consequential damages, and all claims in respect thereof shall be irrevocably waived by the Licensed District Cooling Provider and the Customer in the District Cooling Services Contract.
3. The District Cooling Services Contract shall provide that the Customer shall be responsible for all disturbances arising from its activities in the Retail District Cooling Provider's facilities or in any of the Customer's building systems.
4. The District Cooling Services Contract shall provide that the Licensed District Cooling Provider shall be responsible for all disturbances arising from its activities in the Retail District Cooling Provider's facilities or in any of the Customer's building systems.

## **Clause 12 - Termination**

1. Upon a material breach of the District Cooling Services Contract by a party (or any other termination event mutually agreed upon by the parties to the District Cooling Services Contract), the District Cooling Services Contract shall grant the non-defaulting party the right (subject to any termination procedures mutually agreed upon by the parties in the District Cooling Services Contract) to terminate the District Cooling Services Contract.
2. Either party may terminate the District Cooling Services Contract if a Force Majeure event persists and hinders or prevents the Licensed District Cooling Provider from performing any of its material obligations under the District Cooling Services Contract for a continuous period mutually agreed upon between the parties in the District Cooling Services Contract.
3. Following the date on which the District Cooling Services Contract is terminated or expires in accordance with its terms, the Licensed District Cooling Provider may—subject to the requirements of the Licensed District Cooling Provider's license and the Customer Care and Supply Rules issued in accordance with the license requirements—disconnect the existing Retail District Cooling Provider's facilities from the building system and remove the relevant Retail District Cooling Provider's facilities located at that Customer's premises.
4. The District Cooling Services Contract shall provide that the Customer must give the Licensed District Cooling Provider at least 24 hours' notice before vacating the building or any unit following the termination of the District Cooling Services Contract. In the absence of such notice, the relevant Customer shall be held liable for all Licensed District Cooling Services used and for any damage to all equipment that is or becomes the property of the Licensed District Cooling Provider.

## **Clause 13 - Governing Law and Dispute Resolution**

1. The laws of the Emirate of Abu Dhabi shall govern the District Cooling Services Contract, and it shall include provisions under which either party may refer to the Department in case of any unresolved disputes or concerns, or both, regarding charges, tariffs, and service

standards, provided that both parties shall be bound by the Department's decision.

### **Clause 14 - Emergencies**

1. Nothing in the Mandatory Conditions or in any District Cooling Services Contract shall restrict either party from taking immediate action (including—with respect to the Licensed District Cooling Provider—suspending the provision of Licensed District Cooling Services) in accordance with any laws or to prevent injury to any persons or serious damage to property in the event of an Emergency, provided that such party shall immediately notify the other party after taking any such immediate action.
2. The District Cooling Services Contract shall include sufficient provisions and information for notifications, including telephone numbers, fax numbers, and email addresses for all parties, so that the Customer can contact the Licensed District Cooling Provider or its authorized representative, and can make any such communications 24 hours a day, seven days a week in the event of an Emergency.

### **Appendix 1 to the Mandatory Conditions of the District Cooling Services Contract - Contract Details**

<b>Item No.</b>	<b>Item Description</b>	<b>Data</b>
1	Building Details	[Insert building description, including the following: Building Name (if any) Plot number on which the building is constructed Building address/location Building completion date Total floor area of the building in square meters]
2	Details of any relevant units	[Insert description of any unit within the building owned, leased, or occupied by the Customer, including the following:

Item No.	Item Description	Data
	within the building	Building Name (if any) Unit address/location Unit number with Abu Dhabi Distribution Company (if any) Total floor area of the unit in square meters]
3	Planned Start Date	[Insert the relevant planned date for the commencement of Licensed District Cooling Services, which date may be amended based on the terms agreed between the Licensed District Cooling Provider and the Customer in the District Cooling Services Contract]
4	Contract Term	[Insert number of years from the start date. The contract term may be amended, extended, or renewed based on the terms agreed between the Licensed District Cooling Provider and the Customer in the District Cooling Services Contract]
5	Contracted Capacity	[Insert Number] kWh cooling

## Appendix No. [2]

### Financial Model Requirements

1. The financial model must be prepared using Microsoft Excel spreadsheet software, such that:
  1. It complies with best practice standards and methods,
  2. It presents the assumptions included in the bidder's technical proposal,
  3. It includes, as a minimum, all general, technical, and financial assumptions, as presented in the General, Technical, and Financial Assumptions for District Cooling below:

<b>Assumptions</b>	<b>Unit of Measurement</b>
Type of Development Project	Specify project type: residential, commercial, or other
Project Area Served by the District Cooling Plant	Square kilometer (km <sup>2</sup> )
Total Capacity of the District Cooling System	Kilowatt-cooling (kWc) Refrigeration Ton (TR)
Water Type	Specify water type: Potable water or treated water
Diversity Factor	%
Equivalent Full Load Hours	Hour
Equipment Lifespan	Year
Average Electricity Consumption	kWh/kWhc kWh/TRh
Average Water Consumption	l/kWhc l/TRh
Capital Expenditure for Chiller Plant (including thermal energy storage) (with breakdown of main components)	AED/KWc AED/TR
Treated Sewage Effluent (TSE) Plant (only for plants using non-potable water)	AED/KWc AED/TR
Capital Expenditure for Energy Transfer Station (ETS)	AED/KWc AED/TR
Capital Expenditure for Network (with breakdown of main components)	AED/KWc AED/TR

<b>Assumptions</b>	<b>Unit of Measurement</b>
Annual Operation and Maintenance Costs (including metering/billing)	AED/kWc AED/TR
Cost of Chemicals for Water Treatment	AED/m <sup>3</sup>
Inflation Rate	%
Nominal Discount Rate for the District Cooling Provider	%
Area of District Cooling Plant	m <sup>2</sup> /kWc m <sup>2</sup> /TR
Area of Energy Transfer Station (ETS)	m <sup>2</sup> /kWc m <sup>2</sup> /TR

1. It has the capability to perform calculations related to all financial indicators of the project for each year of the project term, including but not limited to expected revenues, expenditures (capital and operational), and profits,
2. It has the capability to perform calculations related to the district cooling services tariff, including but not limited to the connection charge, capacity charge, consumption charge, and district cooling ancillary services charges,
3. It includes the calculation of the adjusted tariff in case of any potential increase in the capacity of the district cooling plant (tariff change per 1000 TR of additional capacity),
4. And it reflects any other details and specifications determined by the Department for the purchaser of district cooling services in relation to the Request for Proposals in Chapter Four or for the registered district cooling provider – from time to time.

## Appendix No. [3]

### Updated Financial Models Requirements

1. The structure of the updated financial model submitted annually must be the same as the structure of the licensee's original financial model approved by the Department.
2. The updated financial model must include, at a minimum, the same amount of information/data that was included in the licensee's original financial model approved by the Department.
3. All data included in the updated financial model must be updated, reviewed, and prepared based on the latest and most current information available to the licensee, including but not limited to:
  1. Actual financial data (costs, revenues, and profits),
  2. And projected financial results for the upcoming years until the end of the term of the licensee's district cooling systems serving the relevant district cooling system.
4. The updated financial model must have the capability to perform calculations related to all financial indicators of the project for each year of the project term, including but not limited to expected revenues, expenditures (capital and operational), and profits.
5. The updated financial model must reflect any other details and specifications determined by the Department for the purchaser of district cooling services in relation to the Request for Proposals in Chapter Four or for the registered district cooling provider – from time to time.

## Appendix No. [4]

### Assumptions for Conventional Cooling Systems

Assumptions	Unit of Measurement
Equivalent Full Load Hours	Hour
Equipment Lifespan	Year
Average Electricity Consumption	

<b>Assumptions</b>	<b>Unit of Measurement</b>
	kWh/kWhc kWh/TRh
Capital Expenditure for Water Cooled Chiller System	AED/kWc AED/TR
Annual Operation and Maintenance Costs	AED/kWc AED/TR
Water Treatment Costs	AED/m <sup>3</sup>