

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

GOVERNMENT

**Decree-Law No. /2003
Of 22 July**

ESTABLISHING THE BASES FOR THE NATIONAL ELECTRICITY SYSTEM

The 1st Constitutional Government of the Timor-Leste has undertaken, among its goals, to organize and regulate the National Electricity System.

In this sense, on 18 September 2002, the Council of Ministers approved the document entitled: “A Viable Policy Option for the Electricity Sector”, which defined the strategic guidelines for reforming the electricity sector.

From among the structuring measures for attaining this goal five are pointed out: the drafting of a Basic Law for the National Electricity System; the establishment of a Public Power Company; the drafting of a law approving the Bases for Concessions within the National Electricity System with the aim to launch, in three years’ time, an international open tendering process for selecting an universal service operator from among international companies with recognised experience, through a concession contract under the BOT regime; in the short run, the entry into a management contract for the future Public Power Company with a private operator with recognised experience; finally, the recovery and restructuring of the ECTL system of production.

The present Decree-Law is precisely meant to materialise the first of the aforementioned actions.

The electricity sector contributes, in a fundamental fashion, to the promotion and growth of a country’s economy and the development of its social fabric.

The legislation applicable to this sector should be adapted by promoting a legislative reform in tandem with the present reality of Timor-Leste, whose main objective is, on the one hand, to build and develop infrastructure in the country and, on the other, to provide a range of power supply services to enterprises and the population at large, with quality and at affordable prices; and specific conditions shall be prescribed in order to allow for the feasibility of this operation.

The National Electricity System shall be progressively consolidated and modernised, and it shall be incumbent upon the Government to promote the conditions of access to an ever-increasing number of consumers and, concurrently, intervene in the electricity sector at the co-ordination and supervision level, and to ensure respect for the principles proclaimed herein.

Thus, pursuant to section 115.3 of the Constitution of the Republic, the Government enacts the following that shall have the force of law:

PART I- National Electricity System

CHAPTER I General Provisions

Section 1 Purpose

The present Decree-Law establishes the bases for organising the National Electricity System (NES) and the principles that will govern the exercise of the activities related to the production, transmission and distribution of electricity.

Section 2 General Principles

1. The present Decree-Law and the legal regime arising therefrom are aimed at ensuring the satisfaction of the basic requirements for supplying electricity to the populations and public and private entities from various activity sectors, through the creation of conditions conducive to the development of services of this nature.
2. The objective defined in subsection 2.1 shall conform to the following basic principles:
 - (a) Ensure the existence and availability of a universal service, with adequate quality conditions and at prices that can be afforded by all consumers;
 - (b) Ensure the financial and economic feasibility of the universal service;
 - (c) Ensure that consumers, under similar circumstances, are given equal treatment in the access to and use of the power supply services;
 - (d) Use the most appropriate energy sources for the production of electricity;
 - (e) Promote the rationing and efficiency of the means to be used, ranging from production to transmission, distribution and consumption of electricity, so as to contribute towards the progressive improvement of the technical and economic conditions of their operation;
 - (f) Attract domestic and foreign investment to NES by putting in place stable, equitable, favourable and transparent conditions for investment.

Section 3 Classification

For the purposes of applying the present Decree-Law, the relevant definitions are given in the attached schedule, which is an integral part hereof.

Section 4 NES Supervision

1. It is incumbent upon the Government to establish the strategic guidelines for the development of NES, and also to monitor the activity by companies providing services related to the production, transmission and distribution of electricity, including those who hold non-binding licences, as provided by law.

2. Other responsibilities of the Government in the area of regulation, supervision and monitoring of NES include:

- (a) Defining NES general policies and planning and the approval of applicable laws;
- (b) Ensuring the existence, availability and quality of a basic electric network that will satisfy the needs of the citizens and of economic and social activities throughout the country, taking into account the requirements for harmonic and balanced socio-economic development;
- (c) Normalising and endorsing electric materials and equipment and defining the conditions for their connection to the electric network;
- (d) Ensuring the existence and availability of the universal power supply service;
- (e) Approving the fee and tariff regime for the universal power supply service;
- (f) Granting titles that will allow for the provision of services in the electricity sector;
- (g) Monitoring compliance with the legal and regulatory provisions applicable to the electricity sector, and imposing penalties;
- (h) Declaring the public utility of expropriations and establishing servitudes required for building infrastructure necessary to operate NES.
- (i) Ensuring proper co-ordination with NES in emergency, crisis or war situations.

3. The Government's responsibilities shall be fulfilled by the Water and Electricity Regulatory Authority, hereinafter referred to as "Regulatory Authority".

4. The Government shall define, by Decree-Law, the organic structure, the operating rules and the responsibilities of the Regulatory Authority referred to in the preceding subsection.

Section 5 Obligations of regulated entities

1. Regulated Entities shall comply with the applicable laws, and shall conform to the administrative acts as may be issued thereto by the Regulatory Authority and other competent bodies of the Public Administration.

2. Regulated Entities shall be continually supervised and periodically audited by the Regulatory Authority as provided by this Decree-Law, regulations, technical norms and conditions established in their Concession Contracts or Licences.

3. Regulated Entities shall be responsible for the proper, safe and efficient operation of their facilities and activities.

Section 6 Consultative committee

The law may provide for the setting up of a consultative committee comprised of state representatives, operators and consumers, the functions of which shall be to monitor and advise the Regulatory Authority on specific matters.

Section 7 Public use

1. Everyone is entitled to use the public power supply services through payment of the corresponding tariffs and fees and insofar as the applicable laws are complied with.

2. The law may define the priority use of the services and establish preferences to the benefit of entities pursuing public interests worthy of special protection.

3. The supply of electricity intended for public security, both internal and external, and the protection of human lives, enjoys absolute priority.

Section 8 Infrastructure that comprise NES

1. Infrastructure that comprise NES shall be developed and modernised in line with Regional Planning Schemes, taking into account the requirements for economic development, the cohesion of the national territory and the citizens' needs in terms of welfare and safety.

2. The establishment, management and operation of each and every infrastructure that comprises NES are the exclusive competency, under the terms of section 11, of the universal service operator, except as otherwise provided in the subsection below.

3. Infrastructure engaged in activities related to the binding production of electricity for NES, carried out through a binding licence regime, as provided in sections 20 to 26, are also part of NES.

Section 9 Pre-installation of electrical infrastructure

1. Urbanisation schemes and the construction of buildings and urban roads shall include the pre-installation of electrical infrastructure.

2. The installations referred to in the preceding subsection shall be made in accordance with the norms established by the Regulatory Authority.
3. The installations referred to in the preceding subsections shall be subject to monitoring by the universal service operator.

CHAPTER II

On the universal service

Section 10

Universal service

It is incumbent upon the State to ensure the existence and availability of the universal service of production, transmission and distribution of electricity.

Section 11

Universal service operator

1. The universal service of production, transmission and distribution of electricity within the national territory shall be operated under an exclusivity regime by a universal service operator, in one of the following modalities:
 - (a) directly by the State;
 - (b) by a public corporate body, especially established to that effect by Decree-Law, which will also approve its respective statutes;
 - (c) by a private corporate body, through a concession contract preceded by tendering, as provided in sections 16 to 19.
2. Excepted from the preceding subsection is the activity related to the production of electricity for NES, carried out through a binding regime licence, as provided in sections 20 to 26.

Section 12

Public utility status

The universal service operator has the following rights:

- (a) To use the State's or local governments' private or public assets for the establishment or passage of the different parts of the installation or network, as provided by the applicable laws.
- (b) To request urgent expropriation, due to public utility, of immovable assets required for establishing installations or networks, as provided by law;
- (c) To request the establishment of servitudes on immovable property required for establishing installations or networks, as provided by law.

Section 13
Duties of the universal service operator

1- The universal service operator has the duty to carry out its activity on a continued and regular basis, as provided by law, and shall only interrupt it following authorisation or instructions from the Regulatory Authority.

2- The duties of the universal service operation include:

- (a) to abide by the applicable laws and administrative acts issued thereto;
- (b) To act based on fully transparent procedures in the exercise of its activity;
- (c) To allow and facilitate the monitoring of its activity, by competent authorities, providing all information requested;
- (d) To pay compensations due in connection with the establishment of servitudes and the expropriation of rights;

Section 14
Street lighting

1. The universal service operator has also the obligation to illuminate public roads:

- (a) under conditions to be defined by ministerial diploma, in the cases provided in paragraphs (a) and (b) of subsection 11.1;
- (b) in accordance with the conditions stipulated in the concession contract, in the case provided in paragraph (c) of subsection 11.1.

2. The local administration shall be responsible for paying for the consumption of street lighting of the respective local areas, through a tariff fixed by the Regulatory Authority, after consultation with the universal service operator.

3. The Government may request that a street lighting network be installed in areas where there is no low voltage distribution network or request a second layout different from that of the existing network, in which case the respective charges shall be borne by the Government.

Section 15
Fee exemption

The universal service operator is exempt from paying fees or any other charges for the implantation of infrastructure linked to the production, transmission and distribution of electricity or for the passage of the different parts of the installation or equipment required for operating the universal electricity supply service.

CHAPTER III Concessions

Section 16 Concession Contract

The Concession Contract contemplated in paragraph (c) of subsection 11.1 shall define, with the exclusion of the subject matters already covered by law, inter alia, the tariffs, the quality of the service to be provided and other obligations the concessionaire may be required to fulfil.

Section 17 Bases for a Concession

Within 60 days of approval of this Decree-Law, the Government shall proceed with the approval, by Decree-Law, of the Bases that will govern the concession contract for the services of Production, Transmission and Distribution of electricity for public use.

Section 18 Open Tendering

1. The Government shall announce through the publication of a notice in the Official Gazette, as well as in other periodic publications, its intention of granting such concession by way of an international open tendering process.
2. The Government shall establish the specifications of the contract, including the terms and conditions to be met by all tenderers.

Section 19 Publicity

Decisions concerning the granting of a concession shall be publicised in the Official Gazette.

CHAPTER IV Binding production of electricity

Section 20 General principle

1. Binding producers means entities holding binding licences for the production of electricity, under the terms of the present Decree-Law.
2. The integration of binding producers into NES shall be conducted in accordance with the needs identified in the Expansion Plan of the NES power-generating system, as endorsed.

Section 21

Consultations for the establishment and operation of new power-generating plants

1. The need to proceed with the integration of a new power-generating plant into NES shall be identified by the Regulatory Authority, and shall be reported by the latter to the universal service operator, for opinion purposes.
2. The Regulatory Authority is responsible for launching and conducting the process with a view to selecting the entity that will establish and operate the power-generating plant.
3. The selection referred to in the preceding subsection shall be the competency of the Regulatory Authority, after consultations with the universal service operator, and shall be materialized through the establishment of a binding contract between the Regulatory Authority, representing the State, and the selected entity.
4. Excluded from the provision of subsection 21.1 are the following cases:
 - (a) Occurrence of a needy situation, recognised as such by the Regulatory Authority, which requires the immediate hiring of a binding producer in order to ensure a continued supply of electricity to NES clients, under the terms of the Expansion Plan of the NES power-generating system, as endorsed;
 - (b) For public interest reasons, through a decision by the Minister of Transport, Communications and Public Works, after consultations with the Regulatory Authority.

Section 22

Business relationship with binding producers

1. Binding producers relate commercially to the universal service operator through the binding contracts referred to in section 21.
2. Each power-generating plant corresponds to one binding contract.
3. The duration of binding contracts shall not be inferior to 15 years, except in duly justified cases.
4. Through binding contracts, binding producers undertake to supply NES with electricity, on an exclusive basis, under the terms of the applicable laws.
5. Remuneration for the supply of electricity to NES shall result from the application of a mixed system based on rates of an essentially fixed nature and on variable rates, reflecting, respectively, potency charges and variable charges for the production of electricity.

Section 23
Binding licence for the production of electricity

1. An entity selected under the terms of the preceding sections acquires the status of a producer bound to NES following the granting of a binding licence for the production of electricity, under the terms of the present Decree-Law.
2. The object of a licence is a certain power-generating plant.
3. The granting of a binding license for the production of electricity is the competency of the Regulatory Authority.
4. The annual rate due in connection with the granting of a binding licence for the production of electricity is fixed in the binding contract.
5. The granting of a binding licence is concurrent with the signing of the binding contract, as provided in subsection 21.3.

Section 24
Duration of licences

1. The duration of a binding production licence is established in accordance with the nature of the power-generating plant, with its minimum duration limit being 15 years, except in duly justified cases, and its maximum duration limit being 50 years.
2. Where an entity holds simultaneously two or more binding production licences, somehow interdependent, the respective duration limits may be harmonised, so as to ensure greater co-ordination and rationing of the means in the exercise of the licensed activities.
3. The duration limit of a binding production licence may be extended for periods not exceeding those provided in subsection 24.1

Section 25
Assignment of licences

The assignment of a licence may be authorised by the Regulatory Authority, provided the pre-conditions that determined the granting thereof are met.

Section 26
Lapse of licences

A licence shall lapse due to expiry or revocation.

CHAPTER V
Non-binding production of electricity

Section 27
General principle

A non-binding producer means an entity the purpose of which is to satisfy its own or a third party's needs, through unregulated commercial contracts.

Section 28
Autonomous networks not served by the universal service operator

Where provided by non-binding producers in any autonomous network not served by the universal service operator, the services of production and distribution of electricity may be authorised by the Regulatory Authority, as provided in the section below.

Section 29
Non-binding licences for the production of electricity

1. Access to the activity related to non-binding production of electricity shall be gained through the obtention, at the request of the interested party, of a non-binding production licence.
2. Non-binding production licences are divided into:
 - (a) domestic licences, which are related to production of electricity to satisfy the needs of the business establishment of a non-binding producer or to produce electricity in an autonomous network not served by the universal service operator.
 - (b) commercial licences, which are related to production for the satisfaction of the needs of the business establishment of a non-binding producer or for the supply of electricity in an autonomous network not served by the universal service operator.
3. The duration of a non-binding production licence is one year, and may be renewed annually based on an application by the interested party, provided the pre-conditions of the granting thereof remain unchanged.
4. A non-binding production licence shall lapse due to expiry or revocation.
5. The granting of a non-binding licence for the production of electricity is the competency of the Regulatory Authority.
6. Fees due in connection with the granting of the various categories and subcategories of non-binding licence for the production of electricity are fixed annually by Instruction of the Minister of Transport, Communications and Public Works.

CHAPTER VI TARIFFS

Section 30 Tariff regulation

1. The criteria and methods for formulating and fixing tariffs and rates for electricity, as well as for other complementary services, shall be established in the Tariff Regulation, which is in compliance with the principles defined in this Decree-Law.
2. The Tariff Regulation shall be approved by Decree-Law, following a proposal by the Regulatory Authority on the basis of the principles established in this Decree-Law.
3. Tariffs and rates for electricity shall be fixed annually by joint Instruction of the Minister of Planning and Finance and the Minister of Transport, Communications and Public Works, on the basis of the principles established in this Decree-Law and in the Tariff Regulation.
4. Tariffs and rates approved each year, under the terms of subsection 30.3 above, shall be subject to proper publicity, namely through the publication or announcement thereof on the country's main media.

Section 31 Tariff Principles

1. Tariffs and rates for electricity, as well as for other complementary services, shall be fair, reasonable and transparent.
2. Tariffs and rates for electricity, as well as for other complementary services, shall also be in line with the following principles:
 - (a) shall be fixed at a level that ensures the opportunity to recover expenses incurred while providing the service and other charges provided in this Decree-Law and other applicable laws;
 - (b) shall be formulated in such a way as to give sufficient incentive to promote efficiency in the process of production, transmission and distribution of electricity;
 - (c) shall be used to promote the conservation of electricity, the management of demand and its efficient use;
 - (d) shall be adapted in such a way as to reflect changes in prices of goods and services in the country;
 - (e) shall reflect the costs for the supply of electricity to the various consumer categories;
 - (f) shall reflect shortcomings in the production, transmission and distribution systems, notably those resulting from technological obsolescence;
 - (g) shall contribute towards promoting the use of renewable resources.

3. Tariffs for the sale of electricity to clients, as well as for other complementary services, shall not reflect the costs of assets that are not investments made by the concessionaire.

4. Tariffs for the sale of electricity to clients shall rest on a structure based on the principle of marginal costs and shall apply to the electricity consumed, through a binomial formula, taking into account the installed potency and the electricity consumed.

Section 32

Tariff categories

1. The Government is empowered to decide on what areas tariffs shall be uniform, category-wise, and to establish categories based on interface service costs.

2. The tariff breakdown shall also reflect the supply voltage levels applicable to different uses and the application of the binomial formula.

Section 33

Consumer categories

1. The Government may divide consumers into categories in order to apply different rates.

2. Consumer categories shall reflect, namely, domestic, commercial and industrial consumers, as well as street lighting.

3. Consumer categories shall reflect differences in the use of electricity and service costs.

Section 34

Connection fees

Fees for network connection in the area defined by a concession contract shall be borne by consumers, in accordance with the Tariff Regulation, which shall take into account the distance from the network to the delivery point and the potency applied for by the consumer.

CHAPTER VII

Consumer relationship

Section 35

Consumers outside the service area

The Government is empowered to issue norms designed to ensure the provision of services to consumers outside the existing service areas, taking into consideration the country's legitimate goals, without prejudice to the economic balance of concessionaires or licence holders.

Section 36 Consumer rights

1. Consumers have the right to use the universal electricity service with the service quality required by the applicable legal and regulatory provisions.
2. In drafting regulations applicable to the sector, the Government shall promote consultation with representative consumer organisations.
3. The Regulatory Authority shall set up mechanisms for handling proposals or complaints made by consumers, under the terms of the national laws relating to the protection of consumer rights.

CHAPER VIII Service quality

Section 37 Service Quality Regulation

1. The service provided by NES entities to their respective clients shall be in line with the service quality standards as established in the Service Quality Regulation, and these may be either generic or specific to the different consumer categories or even vary in accordance with local circumstances.
2. For the purposes of subsection 37.1 above, the following criteria shall be taken into account:
 - (a) The number and duration of voltage alterations tolerated;
 - (b) The deadline for satisfying a service request made by a consumer;
 - (c) Consumer complaint hours;
 - (d) Criteria for the format of bills and information contained therein;
 - (e) Testing of metres;
 - (f) Service availability;
 - (g) Consumers with special needs;
 - (h) Service safety and reliability.
3. The Regulatory Authority is responsible for supervising the service quality standards as established in the Service Quality Regulation.
4. The Service Quality Regulation shall be approved by Ministerial Instruction of the Minister of Transport, Communications and Public Works, on the basis of a proposal put forward by the Regulatory Authority.

CHAPTER IX
Records and Accounting of Regulated Entities

Section 38
Availability of files

1. Regulated entities shall keep books, annotations, documents and any other written materials- including a technical filing system- relating to their activities within the scope of NES.
2. All such documents and records shall be made available to the Regulatory Authority for audit purposes, at any time, without prior notice.
3. Regulated entities shall grant the Regulatory Authority, and its representatives, access to all their offices, facilities, records, books and files.

Section 39
Audits

The Regulatory Authority is empowered to conduct financial and managerial audits of regulated entities whenever the Authority deems necessary.

Section 40
Annual reports

1. Regulated entities shall prepare and submit to the Government an audited annual report, including an Account Statement.
2. Other information may be required, namely:
 - (a) Contracts for the construction, maintenance and use of facilities, including the respective budgets;
 - (b) Contracts for the supply of fuel and electricity;
 - (c) Efficiency of the operation;
 - (d) Consumer billing and outstanding payments;
 - (e) Accident reports;
 - (f) Performance goals.

CHAPTER X
Monitoring and penalties

Section 41
Monitoring

1. It incumbent upon the Regulatory Authority to monitor compliance with the provisions of the present Decree-Law through its employees mandated to do so or other agents duly credentialed by the Regulatory Authority.
2. The employees and agents referred to in the preceding subsection are bound to not disclose information or data that may come to their knowledge in the exercise of their functions and that constitute either commercial or industrial secret.

Section 42

Offences and penalties

1. Any natural or corporate person who violates the provisions of this law or regulations published as a follow-up hereto shall be subject to the applicable penalties provided by law and in the respective concession contract or licence.
2. Offence is deemed to be the commission of the following unlawful acts by the regulated entity:
 - (a) Provision of a service subject to a concession contract or licence without holding a proper title;
 - (b) Imposition of tariffs or rates that have not been approved by the Government;
 - (c) Refusal to provide information or produce documents to the Regulatory Authority without good reason or obstruction of any investigation into an alleged infringement;
 - (d) Denial of or restriction on the access of the Regulatory Authority, or agents thereof, to its facilities, records and documents, for audit or inspection purposes;
 - (e) Failure to comply with consumer relationship rules;
 - (f) Violation of any other rules as set by this Decree-Law and respective regulations.
3. The offences provided in this Decree-Law shall be punishable with a fine of US\$ 500 to US\$ 5,000 or of US\$ 5,000 to US\$ 50,000, depending on whether such offences have been committed by a natural or corporate person, respectively.
4. Attempt to commit, or negligence in connection with, the offences provided in the present Decree-Law shall be punishable.

Section 43

Processing and imposition of fines

1. The imposition of the fines provided in the present Decree-Law shall be the competence of the President of the Board of Directors of the Regulatory Authority.
2. The initiation and prosecution of offence proceedings shall be the competency of the Regulatory Authority.
3. The amount of fines shall accrue to the State by 60% and to the Regulatory Authority by 40%.

Section 44
Violation of the terms of a concession contract or licence

1. In case of violation of the terms and conditions of a concession contract or licence, the Regulatory Authority is empowered to suspend or revoke the concession or licence, ask for the payment of compensation, require a refund to the unfavourably affected consumers, reduce tariffs in order to reflect the decreased value of the services or take other measures appropriate to the circumstances.

2. A concession or licence may be suspended or revoked in the following cases:

- (a) If the concession or licence is obtained through fraud or production of false information;
- (b) If the concession or licence is transferred or sub-assigned without prior authorisation from the Government;
- (c) If the regulated entity commits an act the results of which may prejudice or pose a serious threat to public health, public security or the environment;
- (d) If there is, on the part of the regulated entity, recurrent opposition to the monitoring exercise;
- (e) If there is, on the part of the regulated authority, systematic non-compliance with the applicable laws and regulations;
- (f) If the regulated entity fraudulently and systematically collects tariffs or rates exceeding those fixed under the terms of this Decree-Law;
- (g) If there has been a diversion from the purpose of the concession or licence.

3. Decisions made by the Regulatory Authority under the terms of the preceding subsection shall be administratively appealed to the Minister of Transport, Communications and Public Works, and contentious appeals shall be filed with the Courts.

4. The appeals mentioned in subsection 44.3 above shall have suspensive effect on a decision made by the Regulatory Authority, except if such decision is based on the cases provided in paragraph (b) or (c) of subsection 44.2.

CHAPTER XI
Provisional and Final Provisions

Section 45
Regulatory Authority

It is incumbent upon the Ministry of Transport, Communications and Public Works to perform the functions assigned in this Decree-Law to the Regulatory Authority, pending the entry into functions thereof.

Section 46
Revocatory clause

1. The laws and regulations, in the field covered by this Decree-Law, which have been brought into the domestic legal order under the terms of section 165 of the Constitution, except the provision of the subsection below, are hereby repealed.
2. UNTAET Directive No. 2002/07 is hereby repealed insofar as it is inconsistent with any provision of this Decree-Law.

Section 47
Entry into force

This Decree-Law shall enter into force on the day subsequent to its publication date.

Seen and approved by the Council of Ministers on 25 April 2003.

The Prime Minister

[Signed]
(Mari Bim Amude Alkatiri)

The Minister of Transport, Communications and Public Works

[Signed]
(Ovídio de Jesus Amaral)

Promulgated on 6 June 2003.

To be published.

The President of the Republic

[Signed]
(Kay Rala Xanana Gusmão)

ANNEX
(as referred to in Section 3)

Definitions

Regulatory Authority means a public corporate body established by law to regulate the sector of production, transmission, distribution, trading and use of electricity.

Power-generating plant means a set of lands, buildings, equipment and tools used for producing electricity, whatever the primary source of energy.

Client means an entity that acquires electricity through a supply contract.

Concessor means the State of Timor-Leste, through the Government.

Concession Contract means an agreement entered into between the Concessor and the Concessionaire, whereby the Concessor delegates and authorises the Concessionaire to provide services of public interest and defines their respective rights and obligations.

Binding Contract means a long-term contract whereby, within NES operating rules, a producer undertakes to deliver to NES the electricity it produces;

Concessionaire means an entity authorised to provide services of public interest through a Concession Contract.

Consumer means an entity that receives electricity for his or her own use.

Supply contract means an agreement defining the rights and obligations of the Distributor and those of the Consumer, in connection with the conditions of supply and use of electricity.

Distribution means all services between a generator or transformation post and the metre of a consumer, not defined as a transmission service. For the purposes of this Decree-Law, distribution includes the sale of electricity.

Electricity means electric power or a driving force produced, transmitted, distributed, sold and used for any purpose.

Regulated entity means an entity providing services that are subject to regulation by the Government.

Licence means an administrative act whereby the holder thereof undertakes to feed NES, within the operating rules of that System;

Non-binding licence means a licence whereby the holder thereof does not undertake to feed NES, carrying such activity to satisfy his or her own or a third party's needs, through unregulated commercial contracts;

Production of electricity means an activity related to the production of electricity through any source of energy.

Distribution network means an electrical network, including support structures, with associated transformers and break-up equipment used for distributing electricity or sending it to an interconnection point.

Universal service means all services designed to satisfy collective needs, with their activities being considered as public utility for all purposes.

Regulated services means all services and activities mentioned in this Decree-Law, which are regulated by the Government, through the Regulatory Authority.

Transmission means the activity of transmitting high-voltage electric power from a transformation post to a reception point by distribution companies or consumers, with the voltage level as fixed by the Government.