

ELECTRICITY LAW

Chapter 1: General Provisions

Article 1. Purpose of Electricity Law

The purpose of Electricity Law is to establish systematic standards in (lie administration, production, transmission, distribution, and to manage tile exports arid imports through tile most effective use of natural resources in pursuit of improving tile national economy, society, and the living standards of the people.

Article 2. Definition of Elects icily

Electricity is defined as a form of energy such as electrical power, electrical current, electrical voltage, and electrical energy, produced from electrical production, sources, such as hydropower, wind power, solar energy, fuel, and coal. Electricity produced from other sources are not included ill the definition of this law.

Article 3. Rights to tile Electrical Production Sources

The rights of electrical production sources belong to [lie people, muter the government's oversight anti protection in order to ensure that its usage is economical, long lasting, anti most efficient.

Article 4. Promoting and Expanding the Production of Electricity

Fire government encourages every economic sector to invest in tile production of electricity, to meet the consumption demand among ethnic minorities in urban anti rural areas, and to expand the nation's export capacity.

Article 5. Protecting the Rights and Interests of investors and Consumers of Electricity

The government shall protect tire rights arid interests of investors as well as consumers ill electrical production industry, in accordance will, tile laws of Lao PDR.

Article 6. Protecting the environment

Operation of electricity production shall begin with a survey and project output and shall include the construction and expansion of the facilities, which ensure that such economic enterprise does not damage the environment, ecological system, living conditions, and natural habitat of wildlife:

Article 7. Foreign Cooperation

The government supports foreign investment in the production, distribution, exports, imports, and development of electricity, in accordance with the Law on Promotion and Management of Foreign Investment in Lao PDR.

Chapter 11

Activities in Electricity Operation

Article 8. Activities in Electricity Operation

Activities in Electricity Operation shall include survey, assessment, designing, construction, installation, production, transmission, distribution, exports, imports, construction, and other operational activities that involve electricity.

Article 9. Categories of Electricity Enterprise

Electricity enterprise in Lao PDR shall be specified as one of the following four (4) categories:

1. Electricity enterprise with production capacity above 50,000 kilowatts shall require that licensing application be filed with the government, who shall submit it to the National Assembly for approval.
2. Electricity enterprise with production capacity above 2,000 kilowatts and up to 50,000 kilowatts shall require licensing approval by the government.
3. Electricity enterprise with production capacity above 100 kilowatts and up to 2,000 kilowatts shall require licensing approval by authorities of the particular provinces, the Prefecture, or a special zone in accordance with the directive of the Ministry of Industry and Handicrafts.
4. Electricity enterprise with production capacity below 100 kilowatts shall require licensing approval by the district in accordance with the directive of the particular province, Prefecture, or a special zone.

Chapter III

Coordination of Electricity Operation

Article 10. Investment in Electricity Operation

The government supports investment in electricity operation, especially hydroelectricity, which makes efficient use of water basins as energy from natural resources.

Investment in electricity operation may be one of the following categories:

1. total investment by private enterprise;
2. joint investment with the private enterprise within or outside the country;
3. partnership or private entrepreneur within the country.

Enterprise in electricity may conduct the following forms of activities:

1. build, operate, and transfer (BOT);
2. build, operate, own, and transfer (BOOT);
3. build, transfer, and finance (BTF);
4. state-run through the state owned Electricity du Laos;
5. others

Article 11. Licensing of Electricity Enterprise

Persons or organizations who wish to engage in electricity enterprise such as production, transmission, distribution, exports, imports, or development of electricity shall apply for licensing approval from the government of Lao PDR and shall register as such enterprise entity, in accordance with the Business Law.

Article 12. Licensing Procedures

Procedures in applying for licensing approval in electricity enterprise consist of studies, cost estimates, preliminary assessment, investment proposals, proposal review, signing of agreements, surveys, economic technical analysis, environmental impact evaluation, licensing review, and related activities as specified under the directives of the Ministry of Industry and Handicrafts. The government of Lao PDR may consider joint investment if such enterprise receives a licensing approval.

Article 13. Economic-Technical Analysis

Economic-Technical Analysis shall consist of the following components:

1. social-economic impacts;
2. maximum production capacity of electricity;
3. estimated costs of such project;
4. projected duration and physical integrity of private or other electricity production plants;
5. estimated price of such electricity;
6. plan and procedures of operation such as construction, installation, and initial (start of) electricity production.

Article 14. Environmental Impact Evaluation

along with the economic-technical analysis, the investor shall submit air environmental impact evaluation, which shall consist of the following components:

1. Environmental impact evaluation shall describe all potential damages to tile environment along with possible solutions or strategies in reducing such detrimental consequences to tile environment, the ecological system, society, acrd natural habitat of wildlife.
2. Ire estimated costs of potential damages and relocation of local residents who tray be affected as a result of such electricity production project.
3. Strategies to limit the risks of flooding in areas below tire hydropower dam, which may be potentially high during the rainy season. Strategies may include tile use of irrigation canals or other means in order to divert the flow of water through alternate routes when necessary.
4. Estimated costs related to the above sections 1, 2, and 3 of this Article shall be listed as budget line items of the project.

Article 15. Conditions for Licensing Approval

Applicants for licensing approval shall meet the following conditions:

1. Applicants shall have sufficient funds and appropriate technical expertise;
2. Applicants shall have good business history and sound reputation;
3. Proposed project shall benefit the economy and society;
4. Proposed plan shall concur with the national social-economic development and shall not bring detrimental damages to the environment.

Applicants shall meet all the above conditions before the government can approve such license.

Article 16. Duration of license

Maximum duration of license shall not exceed 30 years, including periods of construction, effective the date of licensing approval. Upon expiration of such period, applicants shall transfer all rights of such enterprise to the government in good working conditions and shall not seek any compensation thereof.

License may be extended for a maximum period of 10 additional years, with tile government's approval. Request for such extension shall be submitted 5 years before the license expiration date.

Article 17. Rights of licensee

Licensee for electricity enterprise shall have the following rights:

1. to lease land used for such electricity enterprise, but resources attached to tire land shall not be utilized without prior approval from the government.
2. to receive benefits from license;
3. to receive protection under the laws;
4. to receive professional and technical advice from the government in regards to electricity;
5. to request extension of license;
6. to transfer or resume such electricity enterprise with the government approval.

Article 18. Responsibilities of licensee

Licensee of electricity enterprise shall have the following responsibilities:

1. to operate such enterprise in accordance with the terms and conditions of license;
2. to make security deposit at the state bank of Lao PDR;
3. to register foreign currencies invested in Lao PDR in accordance with the laws and agreements on foreign investment;
4. to protect the environment;
5. to keep financial records in accordance with Accounting Law;
6. to pay taxes and charges in due time in full amount in accordance with tire laws;
7. to pay for damages to the environment, living conditions and properties of residents, or compensate for costs of relocation of residents;
8. to provide technical training and employment benefits to Lao employees;
9. to keep records and make reports in due time, including financial records of project;
10. to take proper care and keep regular maintenance of electrical equipment and materials, according to electrical standards;
11. to comply with Labor Law and other laws of Lao PDR;
12. to surrender the project's license along with an economic-technical analysis and other related documents to the Lao government without compensation in tire event that the licensee terminates the project's operation;
13. Before transferring the electricity enterprise to the government, tire licensee of such enterprise shall repay all outstanding debts in full.

Article 19. Termination of license r

License shall be terminated for the following reasons:

1. expiration of license;
2. voluntary withdrawal of licensee from such enterprise with government approval;
3. revocation of license clue to serious violation of the laws;
4. transfer of enterprise rights to others with government approval.

Article 20. Exemptions of Licensing Approval

Exemptions of licensing approval apply to the following conditions:

1. Construction of small-scale hydropower darn with production capacity below 2,000 kilowatts and with minor impact on the environment;
2. Construction and installation of electrical thermal production equipment using power below 500 kilowatts. The above conditions shall coincide with tire national . plan and the needs of ethnic minorities.

Chapter IV

Installation and standards of electrical production equipment

Article 21. Installation of electricity

Installation of electricity refers to construction, installation, expansion, and reparation of electrical system to facilitate the production, services, and living conditions of local residents by using complete electrical system.

Article 22. Permission to Install Electricity

Persons or organizations who wish to engage in tire business of installing electricity shall request permission from the Ministry of Industry and Handicrafts shall register wily the Ministry of Commerce, and shall register wily tire Ministry of Finance.

Article 23. Standards of Electrical Production Equipment

The maintain standards of equipment, materials, transmission lines, and other devices, to ensure safety, to minimize the costs, and to maintain uniformity of electrical system throughout the nation, the Ministry of Industry and Handicrafts shall set the specifications, issue permits, monitor and inspect the quality of various types *of* electricity production equipment used within the country and imported from overseas.

Chapter V Production of Electricity

Article 24. Production of Electricity

Production of Electricity refers to a system that generates electrical energy through rotating devices caused by the force of water currents, winds, heat, or other sources.

Article 25. Conditions of Electricity Production

Electricity production shall have the following conditions:

1. use of modern equipment;
2. use of equipment friendly to environment;
3. compliance with standards and quality;
4. other conditions deemed necessary for such production.

Chapter VI Transmission of Electricity

Article 26: Transmission of Electricity

Transmission of Electricity refers to a system of transmitting or delivering electricity from the production plant to the distributing stations in the districts or foreign countries.

Article 27: Installation of electrical power lines

Installation of electrical lines shall ensure safety and avoid potential damages to nature and properties of the people. All individuals shall share the responsibility of ensuring the safety and protecting electricity poles, power lines, and other materials within their residential areas.

Article 28: Systematic transmission of electricity

Systematic transmission *ref electricity* refers to electrical transmission through power lines in various stations. The owners of various stations shall not deny requests for such transmission through their electricity system, except for reasons of technical problems. The users of systematic transmission of electricity shall pay for such services.

Article 29: National grid

The national grid refers to the transmission of high voltage of the government of Lao PDR that connects all stations around the country and to stations in foreign countries to ensure production, transmission, and distribution of electricity, including the protection of the environment and private properties.

All electricity production plants shall transmit their electricity through the national grid, except the plant internal facilities, the small-scale electricity production, or those areas without the national power lines.

Chapter V11 Distribution of Electricity

Article 30: Distribution of Electricity

Distribution of Electricity refers to the supplying of electricity from a systematic transmission or a production plant to tire various local sub-stations known as distributors for high, medium, or low voltage.

Article 31: Rules of electricity distribution

Electricity distribution shall be in compliance with tire following rules:

1. Electricity distribution shall be continuous and regular;
2. Electricity distribution shall be comprehensive, sufficient, arid economical;
3. Electricity distribution shall be safe;
4. Electricity distribution shall support social-economic development.

Article 32: Regulating the Price of Electricity

Pricing of electricity shall be based on social-economic conditions and the current costs of living of the people, as specified in one of the following categories:

1. Prices for exports and imports;
2. Prices for domestic consumption in support of the manufacturing industry and agriculture;
3. Prices for remote villagers;
4. Prices for general services.

The government shall set prices for different categories periodically.

Article 33: Rights and Responsibilities of Electricity Distributors

Distributors shall have the following rights:

1. to collect charges for such distribution and related services;
2. to issue warnings to consumers who violate any regulation;
3. to disconnect electricity to consumers for serious violations;
4. to take proper measures in order to protect the interests of society and the environment;
5. to inspect the electricity installation of consumers;

Distributors shall have the following responsibilities:

1. to supply electricity to a variety of consumers on a regular basis;
2. to provide advance notice to consumers before each interruption of electric power;
3. to explain regulations regarding the consumption of electricity;
4. to provide services to consumers with care and in a timely fashion;
5. to provide safety and benefits of employees, society, and the environment;
6. to pay taxes and charges to the government in accordance with the laws;
7. to compensate for damages to the environment, living conditions, or properties of the residents and the public;

Article 34: Rights and Responsibilities of Electricity Consumers

Consumers of electricity shall have the following rights:

1. to use electricity;
2. to receive instructions on consumption of electricity;
3. to receive safety in using electricity;
4. to receive services on installation and repair in their household;
5. to dispute any incorrect electricity charges;

Consumers of electricity shall have the following responsibilities:

1. to pay for electricity and services provided;

2. to comply with the notices and instructions on the consumption of electricity;
3. to facilitate the installation, repair, inspection, and meter reading of electricity;
4. to ensure safety and protect the environment when using electricity;
5. to promptly notify the electricity employees of any irregularities of electricity.

Chapter V111

Exports and Imports of Electricity

Article 35: Exports of Electricity

The government of Lao PDR encourages the production of electricity for exports while maintaining sufficient supplies of electricity to support the domestic industries and the social-economic development of the country.

Article 36: Imports of electricity

Imports of electricity into Lao PDR are allowed only in cases of necessity for tire national social-economic development with the government's approval.

Article 37: Transmission of Electricity through Lao PDIZ

Transmission of Electricity through Lao PDR refers to the transmission of electricity from a foreign country through the territories of Lao PDR to a foreign country in accordance with the agreement of the government of Lao PDR. Such transmission shall go through Lao national grid, except where such facilities in Lao PDR are not available. When facilities are lacking, the government of Lao PDR shall allow temporary permission for foreign suppliers to build such transmission facilities under 'the supervision and inspection by related authorities of Lao PDR.

Construction of transmission facilities through Lao PDR shall meet the following guidelines:

1. Avoid potential damages to the environment and living conditions of residents;
2. Compensate for use of Lao territories, for related services, and for any damages incurred from construction of such facilities;
3. Provide access to transmission lines for tire government of Lao PDR when needed.

Chapter IX

Electricity Development in local and remote areas

Article 38: Electricity in local and rural areas

A Electricity hi local and rural areas refers to electricity system distributed from the main system or an independent local system that uses small-scale hydropower production, fuel energy, solar energy, wind energy, or other type of energy.

The government encourages electricity Development in local and rural areas, which would support the local manufacturing and living conditions of residents in remote areas.

Article 39: Licensing of electricity production in local and rural areas

The provincial Department of Industry and Handicrafts, the Prefecture, or a special zone shall collect data on a proposed small-scale electricity enterprise with the production capacity between 100 kilowatts to 2,000 kilowatts for potential development of electricity in such local jurisdiction.

The Governors, Governor of Prefecture, or the head of special zone shall approve applications to develop electricity in such local jurisdiction with technical approval from the Ministry of Industry and Handicrafts.

The District Office of Industry and Handicrafts shall collect data on a proposed small-scale electricity enterprise with the production capacity below 100 kilowatts for potential development of electricity in such jurisdiction. The District's Mayor shall approve applications to develop electricity in such local jurisdiction with technical approval from the Department of Industry and Handicrafts of the particular province, Prefecture, or a special zone.

Article 40: Development of Electricity in Local and Rural Areas

Development of electricity in local and rural areas may be one of the following forms:

1. The province, Prefecture, special zone, or district does the construction and installation;
2. The Ministry of Industry and Handicrafts does the construction and installation and later transfers the control of such facilities to the province, Prefecture, a special zone, or a district;
3. Private entrepreneur or partnership does the construction and installation and later transfers the control of such facilities to the province, Prefecture, a special-zone, or a district;

The Ministry of Industry and Handicrafts and related ministries have the rights to provide guidance and technical instructions in regards to the construction, installation, protection of the environment, and operation of electricity in the local and rural areas.

The province, Prefecture, special zone, or district is responsible for reporting every construction and installation in the local and rural areas to the Ministry of Industry and Handicrafts.

Article 41: Funds for Electricity Development in the Local and Rural Areas

The government facilitates funds and loans to support the construction, installation, and electricity development in the local and rural areas.

Funds for electricity development in the local and rural areas are from the following sources:

1. the national budget;
2. state-private joint venture;

3. partnership;
4. private investors;
5. domestic and international grants.

In addition, the government may allow exemption or reduction of taxes and may provide benefits of mobilization of equipment and materials essential for construction and operation of electricity in the local and rural areas.

Chapter X

Administration and Inspection Agencies for Electricity Enterprise

Article 42: Administration and Inspection Agencies for Electricity Enterprise

Administration and Inspection Agencies for electricity enterprise shall include of the following:

1. Ministry of Industry and Handicrafts;
2. Department of Industry and Handicrafts of the province, Prefecture, or special zone;
3. District's Office of Industry and Handicrafts;
4. Village authority.

Article 43: Rights and Responsibilities of the Ministry of Industry and Handicrafts

Rights and responsibilities of the Ministry of Industry and Handicrafts in administration and inspection of electricity enterprise:

1. to develop strategies oil improving the electricity industry;
2. to collect data and develop statistics on potential electricity development throughout the country;
3. to develop the short-term, medium-term, and long-term master plans on electricity development and protection of the environment.
4. to set the guidelines in regards to the production and development of electricity;
5. to ensure safety to the electricity production facilities;
6. to conduct research and give technical opinions in regards to electricity enterprise;
7. to project the costs for the government approval;
8. to coordinate with local and other administration and inspection agencies in electricity enterprise;
9. to cooperate with international organizations and search for funds to develop electricity enterprise;
10. to implement the rights and responsibilities in electricity development guidelines and laws.

Article 44: Rights and Responsibilities of Department of Industry and Handicrafts of the province, Prefecture, or a special zone

In implementing and monitoring the electricity enterprise, the Department of Industry and Handicrafts of the province, Prefecture, or special zone shall have the following rights and responsibilities:

1. to expand the master plan of the Ministry of Industry and Handicrafts in developing electricity enterprise and protecting the environment;
2. to survey, collect data, keep statistics, and protect the electricity production facilities;
3. to conduct research and give technical opinions in constructing the electricity production facilities with the small-scale capacity between 2,000 kilowatts and 100 kilowatts for approval by the Governor, Governor of Prefecture, or Head of a special zone;
4. to coordinate with other agencies in regards to administration and inspection of electricity production, transmission, distribution, and equipment standards of electricity enterprise;
5. to implement the rights and responsibilities in accordance with the directives of the Ministry of Industry and Handicrafts.

Article 45: Rights and Responsibilities of the District's Office of Industry and Handicrafts

In implementing and monitoring the electricity enterprise, the District's Office of Industry and Handicrafts shall have the following rights and responsibilities:

1. to expand the master plan, project, guidelines, and instructions of the Department of Industry and Handicrafts of the province, Prefecture, or special zone in regards to electricity development and the protection of the environment;
2. to conduct research and give technical opinions in constructing electricity production facilities with the small-scale capacity below 100 kilowatts for approval by the District Mayor;
3. to coordinate with related agencies involved in the administration and inspection of electricity enterprise within its jurisdiction;
4. to implement the rights and responsibilities in the administration of electricity enterprise in accordance with the directives of the provincial Department of Industry and Handicrafts.

Article 46: Rights and Responsibilities of the Village Authority

In the administration and inspection of the electricity enterprise, the village authority shall have the following rights and responsibilities:

1. to monitor and inspect the operation of electricity enterprise of a small-scale production within the village;
2. to report to higher agency about operation of electricity enterprise, which violates the public interests, the traditions, or the laws;
3. to facilitate activities of electricity enterprise in the village;
4. to coordinate with persons involved in the operation of electricity enterprise to maintain peace in the village.

Article 47: Inspection

Inspection of electricity enterprise refers to inspection of electricity operation in order to ensure efficiency, technological soundness, protection of environment, and compliance with the laws.

Article 48: Contents of Inspection

Inspection of electricity enterprise shall include the following contents:

1. implementation is in compliance with procedures of electricity enterprise;
2. implementation is within the specified time frame;
3. implementation is in accordance with the economic-technical analysis;
4. implementation of stated plan;
5. implementation of technical safety;
6. standards of equipment used;
7. construction, installation, and administration of electrical equipment;
8. penalties for damages to the environment;
9. compensation for damages to the environment, living conditions, and private properties;
10. financial system and social benefits;
11. compliance with related regulation about electricity enterprise.

Article 49: Technical Inspection Committee

To ensure technical quality of construction and installation, safety, and protection of the environment, the government of Lao PDR may form a technical inspection committee, which consists of the Ministry of Industry and Handicrafts and other related agencies. Such Technical Inspection Committee shall be dissolved upon completion of its assigned tasks.

Chapter XI

Benefits for outstanding performance and penalties for violation

Article 50: Benefits for outstanding performance

Persons or organizations with outstanding performances in the operation of electricity enterprise and protection of the environment shall receive awards and other benefits such as credits, extension of license, or others.

Article 51: Penalties for violation

Violation of this law shall result in the following penalties:

1. counseling sessions;
2. fines;
3. criminal proceedings.

Furthermore, violators may receive additional penalties such as suspension of operation, revocation of license, seizure of vehicles or materials used in such enterprise, or disconnection of electricity transmission.

Article 52: Counseling sessions

Persons or organizations who commit minor violation of this law such as failure to report electricity operation, failure to report in timely fashion, and equipment is below technical standards shall receive counseling sessions.

Article 53: Fines

Persons or organizations shall be fined for twice the value of such damages for committing any following violations:

1. operating an electricity enterprise without a license;
2. installing electricity with permission;
3. connecting unauthorized power lines in their household without going through the counter meter;
4. extending power lines to other household without permission;
5. alternating the electrical counting meter;
6. failing to implement safety rules;
7. failing to implement environmental guidelines;
8. failing to pay electricity taxes;
9. not paying for damages to environment, living conditions, and private properties of other people;
10. refusal to cooperate with officials in administration and inspection of electricity enterprise.

Article 54: Criminal Proceedings

The following violations of this law shall be considered criminal offenses: cutting of power line, vandalizing of electricity equipment, abusing official posts in electricity enterprise for personal interests, failing to implement safety procedures which caused in death, injury, disability, or damages to properties of the state, organizations, or private citizens.

Chapter X11 Final Provisions

Article 55: Administration

The government of Lao People's Democratic Republic shall be the administrator of thus law.

Article 56: Effectiveness

This law shall become effective after 90 days, from the date which the President of Lao People's Democratic Republic issues a Presidential Decree promulgating it.

Persons or organizations who had obtained licenses prior to this law may continue such electricity enterprise. Private interests that may be in conflict with any provisions of this law shall be notified with the designated agencies within 180 days from the effective date of this law. Previous provisions or acts that are in conflict with this law shall be superseded.

Vientiane, 12 April 1997
President of the National Assembly

Mr. Samane Viyaket