

Federal Law by Decree No. (31) of 2020 Regarding Union Water & Electricity Company (UWEC)

We, Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates,

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and the Powers of the Ministers, as amended;
- Federal Law No. (8) of 1980 Regulating the Labour Relationships, and its amendments;
- Federal Law No. (7) of 1999 Promulgating Pensions and Social Security Law, and its amendments;
- Federal Law No. (31) of 1999 on the establishment of Federal Electricity & Water Authority, as amended;
- Federal Law by Decree No. (4) of 2007 on the Establishment of the Emirates Investment Authority, as amended;
- Federal Law No. (8) of 2011 on the Regulation of State Audit Institution;
- Federal Law No. (2) of 2015 on Commercial Companies, as amended;
- Federal Law No. (14) of 2016 on Administrative Violations and Sanctions in the Federal Government;
- Federal Law No. (7) of 2017 on Tax Procedures;
- Federal Law by Decree No. (8) of 2017 on VAT; and
- Based on the proposal of the Minister of Energy and Infrastructure, and the approval of the Cabinet;

Have promulgated the following Law:

Article (1)

Definitions

In application of the provisions of this Law by Decree, the following words and expressions shall have the meanings ascribed thereto, unless the context otherwise requires:

State : United Arab Emirates

Authority	:	The Federal Electricity & Water Authority (FEWA).
Authority	:	The Emirates Investment Authority (EIA)
Government Body	:	Ministries, Public Authorities and Institutions, Federal and Local Government Bodies.
Company	:	Union Water and Electricity Company (UWEC)
Articles of Association	:	Articles of Association of UWEC
Board of Directors	:	Company Board of Directors
Chairman of the General Assembly	:	Chairman of the General Assembly
Public Network	:	Means facilities; plants; equipment; fittings; systems; power, water and fibre optic lines; and assets owned, managed or supervised by UWEC.

Article (2)

Legal Form

1. The Federal Electricity & Water Authority (FEWA) shall be transformed into a public joint stock company called Union Water & Electricity Company (UWEC) to be fully owned by the Emirates Investment Authority (EIA) upon promulgating this Law by Decree. UWEC shall have an independent legal personality and full legal capacity to carry out its activities and achieve its purposes in accordance with the provisions of this Law by Decree and the Articles of Association, and shall be managed on commercial and investment bases.
2. In all legislation applicable in the State, "Federal Electricity & Water Authority" shall be replaced by "Union Water & Electricity Company."

Article (3)

Transfer of Rights

1. UWEC shall replace FEWA in all legislations and powers related thereto including the provision of electricity and water services in the areas where FEWA carries out its activities, including free zones. All rights, assets, funds, tangible and intangible assets, privileges,

obligations, guarantees, and undertakings of FEWA within or outside the State shall be transferred to UWEC from the date on which this Law by Decree came into effect.

2. Ownership of all assets, rights and obligations transferred or to be transferred to UWEC or any of its subsidiaries shall be registered under UWEC name in accordance with the legislation in force in the State. When UWEC does so, government bodies shall take the necessary actions as per the applicable procedures.

Article (4)

Head Office

UWEC headquarters shall be in the Emirate of Dubai. Branches or offices of UWEC may be established inside or outside the State in accordance with the Articles of Association.

Article (5)

Company Activities & Purposes

UWEC shall carry out the following activities & purposes:

1. Establishing power generation, water supply and capacity raising projects;
2. Establishing power and water transmission and distribution lines;
3. Establishing sewerage and sanitation drainage services projects and the necessary infrastructure in the State along with all related activities and managing the same, directly or indirectly, in coordination with the concerned government body;
4. Investing funds in any commercial, financial, service or industrial fields related to its activities, subject to coordination with EIA.
5. Concluding contracts with the private sector to establish power plants and water supply plants in the areas, where UWEC carries out its activities, in accordance with the legislation in force in the State;
6. Establishing wholly owned companies or participating in companies related to its activities inside or outside the State; and
7. Any other activities and purposes related to the aforementioned activities or specified in the Articles of Association.

Article (6)

Issuance of the Articles of Association

1. The Cabinet shall issue the Articles of Association based on the proposal of the Chairman of the Board of Directors of the EIA, including the provisions regulating UWEC, namely:
 - a. Company ownership;
 - b. Capital of the Company;
 - c. Obtaining financing from banks or financial institutions;
 - d. Company revenues;
 - e. Company budget;
 - f. Company term and renewal;
 - g. Increasing or decreasing the Company capital.
 - h. Company Activities & Purposes
 - i. Company branches inside or outside the State;
 - j. Board of Directors formation, powers and functions and remuneration of its members;
 - k. Disposition of UWEC assets, and management of its funds and returns;
 - l. Issuance, types, ownership controls and trading of shares and the rights associated therewith;
 - m. Issuance and trading of bonds and sukuk;
 - n. Appointing Company auditors, and determining their powers and obligations; and
 - o. Company dissolution and liquidation.
2. The Cabinet shall have the authority to amend the Articles of Association if UWEC is fully owned by the EIA.

Article (7)

Subscription & Share Ownership

1. Company shares shall be owned by natural or legal founder persons if UWEC offers the shares for subscription. Every shareholder shall be held accountable for his respective share in the capital only;
2. EIA share may not be less than (51%) of UWEC capital; and
3. EIA may, subject to the approval of the Cabinet, offer a part of UWEC shares for public

subscription or private offering in accordance with the legislation in force in the State.

Article (8)

Company Management

1. Subject to the provisions contained in this Law by Decree and the Articles of Association, the Board of Directors shall exercise all powers and competencies related to UWEC management; and
2. Subject to the provisions of Clause (2) of Article (6) hereof, the General Assembly of UWEC shall have the authority to amend the Articles of Association upon entry of other shareholders in UWEC.

Article (9)

Employees

1. Upon applying the provisions of this Law by Decree, employees working for EIA, designated by a decision issued by the Board of Directors, shall be transferred to UWEC with the same salaries, without prejudice to any other rights established for them before application of this Law by Decree;
2. Subject to the provisions of the aforementioned Federal Law No. (7) of 1999, the service term of the UAE national employees in the EIA prior to the application of this Law by Decree shall continue and complete the service term in UWEC for the purposes of calculating retirement pensions or end of service gratuity;
3. The provisions of the aforementioned Federal Law No. (7) of 1999 shall apply to UAE national employees in UWEC; and
4. The provisions of the aforementioned Federal Law No. (8) of 1980 shall apply to all employees of UWEC, unless provided otherwise in this Law by Decree or the decisions issued in implementation of the provisions hereof.

Article (10)

Company Budget

In order for UWEC to achieve its objectives and practice its activities, UWEC budget shall consist of the revenues collected from services of selling electricity and water and other services provided by UWEC, the outcome of UWEC investments in companies and other projects, and sale of private assets.

Article (11)

Protection of UWEC Public Network

1. No one, other than UWEC employees or officers, may prejudice the Public Network, its assets or service lines in UWEC areas, where UWEC conducts its activity, except with the prior approval of UWEC;
2. The Board of Directors shall have the right to issue decisions and take the necessary measures to protect the public network from any destruction; and
3. Without prejudice to civil or penal liability, UWEC may repair any damage as a result of any act in violation of the provisions of this Law by Decree and the executive decisions thereof at the expense of the violator.

Article (12)

Administrative Penalties

The Cabinet, upon the recommendation of the Board of Directors, shall issues a decision including a schedule of the violations of the damage caused to the public network or service lines of UWEC, the administrative fines collected from natural or legal persons in exchange for such damage, fines deduction and exemptions.

Article (13)

Penalties

Without prejudice to any more severe penalty stipulated in any other law, any person who harms the public network or UWEC property or exploits the same illegally shall be punished

by imprisonment and a fine of fifty thousand UAE Dirhams minimum and one million UAE Dirhams maximum or one of these two penalties.

Article (14)

Judicial Police

UWEC employees designated by a decision of the Minister of Justice in agreement with the Chairman of the Board of Directors shall have the capacity of judicial officers for establishing violations of the provisions of this Law by Decree and the decisions issued in implementation hereof within their jurisdiction.

Article (15)

Transitional Provisions

1. Regulations and decisions of the Authority in force prior to the application of this Law by Decree shall continue to be enforced, provided that they do not conflict with the provisions hereof, until the regulations and decisions necessary for the application of the provisions of this Law by Decree are issued;
2. Subject to the provisions of this Law by Decree and the Articles of Association, the Emirates Investment Authority shall practice all powers and competencies of the General Assembly until the entry of new shareholders in accordance with the provisions of Article (8) hereof; and
3. The Board of Directors shall issue the regulations and decisions necessary for the application of the provisions of this Law by Decree within one year as of the effective date, especially the following:
 - a. Financial Regulation;
 - b. Human resources, payroll and compensation regulation;
 - c. Material purchasing and contracting regulation;
 - d. Revenue and credit regulation;
 - e. Stores regulation; and
 - f. Guide to delegating Financial and Administrative Powers.

Article (16)

Application of the Companies Law Provisions

The aforementioned Federal Law No. (2) of 2015 shall apply to UWEC, unless otherwise provided in this Law by Decree or the Articles of Association.

Article (17)

Services, Fees & Insurance Rates

The Cabinet shall determine the following by a decision upon the recommendation of the Board of Directors:

1. Prices of electricity and water consumption services provided by UWEC, and
2. Fees and insurance for the services provided by UWEC, and cases of exemption.

Article (18)

Repeals

Federal Law No. (31) of 1999 on the establishment of FEWA and any other provision contradicts or conflicts with the provisions of this Law by Decree shall be repealed.

Article (19)

Publication & Enforcement of this Law by Decree

This Law by Decree shall be published in the Official Gazette and shall come into force (90) days after the date of its publication.

Khalifa bin Zayed Al Nahyan

President of the UAE

Issued by us at the Palace of the Presidency in Abu Dhabi:

Date: 10 Safar 1442 AH

Corresponding to: September 27, 2020