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LAO PEOPLE'S DEMOCRATIC REPEOPLE  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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National Assembly

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## LAW ON ELECTRICITY (Amended)

### Chapter I General Provisions

#### **Article 1. Objective**

The Law on Electricity determines the principles, rules and measures on the organization, operation, management and inspection of electrical activities for the high effectiveness of electricity generation and business operation with the aims to use the natural resource potentials in economical and sustainable manner, to encourage the implementation of the national socio-economic development plan and to improve the living conditions of the multi-ethnic people.

#### **Article 2. Electricity**

Electricity is a type of energy which is comprised of electricity power, electricity current, voltage and frequency produced by the sources from natural resources, such as: hydropower, wind power, solar energy, fuel, lignite, biomass energy, thermal, gas, Palm oils and nucleus energy and others.

#### **Article 3 (amended). Definition of Terms**

Terms used in this Law shall have the following meanings:

1. **Electricity activities** means activities of data collection survey, planning, designing, construction and installation, generation, transmission, distribution, export, import and other services of electricity;
2. **Electricity business** means business operation of electricity activities for commercial purposes;

3. **Electrical facilities** means dams and reservoirs, water ways, powerhouse, switching station, substation , electricity control center, transmission lines, distribution lines and user's site;
4. **Operator of electricity business** means any individual, legal entity or organization that is legally authorized to operate the electricity business;
5. **Memorandum of Understanding** means an initial document granted by the State to a person who wishes to invest in the development to conduct a feasibility study, such as: economical, technical and financial feasibility studies, including social and environmental impact of project;
6. **Grant of electricity business concession** means a grant of land areas and period of time by the State to the investors for the generation and power transmission under the conditions specified in the contracts;
7. **Rural electricity** means electrical system which is connected to a common electrical system or is any area's separate electrical system which generated electricity by virtue of small scale hydropower by petroleum-operated machinery or by solar energy, or by wind energy or by other energies for use in rural areas;
8. **Biomass** means wastes from plants, human, animals and others;
9. **Biogas** means gas which is produced by biomass, especially the wastes from wood processing and others;
10. **Electricity energy** means multiple result between electrical potential and electrical current which is channeled by electrical conductor;
11. **Installed capacity** means the capacity of electrical production of power plants or electrical generator;
12. **Electricity current** means the movement of electron which is in the same direction of electrical conductor, including the amperage of electrical current;
13. **Voltage** means generated electrical power where the electrical current has channeled from a point to another one of the electrical conductor or the difference between a level of two points of electrical potentials where the electrical current has passed by two points of electrical conductor;
14. **Frequency** means number of cycles moving within one second;
15. **BOT** means build, operate and transfer to the Government;
16. **BT** means build and transfer to the Government;
17. **BOO** means build, own and operate;
18. **Royalty** means levy from natural resources of which the users who has the rights to uses shall pay to the State by calculating in percent of the total incomes received from the sale of electricity power;
19. **COD** means commercial operation date
20. **Force majeure** means event occurred without any expectation and beyond any control, such as: flood, thunderbolt, storm, earthquake and others.

**Article 4. Ownership of Electricity Energy Source**

Sources of electricity energy throughout the country are the property of the national community that the State centrally and unanimously manages and grants the right of use to individuals, legal entities and organizations.

**Article 5. State Policy on Electricity**

The State promotes all individuals, legal entities and organizations, both domestic and foreign entities, to invest in electricity activities, such as production, transmission, distribution and services, particularly the hydropower, in junction with the protection of forest-protected water sources and in remote areas where favorable conditions existed by granting appropriated policies, such as duty or tax policy, rights of use of natural resources in accordance with the laws and regulations.

The State protects the legitimate rights of all economic sectors which have invested and paid their contributions in electricity business operation in equal manner.

The State promotes the electricity activities development through the use of electricity energy in economical, effective and sustainable manner and through the use of modern technique and technology in electricity business with mitigation of social and environmental impacts.

The State develops all potentials to meet the electricity need for the national socio-economic development, contributing to national defense and public security and to improve the living conditions of the multi-ethnic people, including the development of electricity as export commodity.

**Article 6. Principle of Electricity Activities**

Operation of electricity activities and business shall comply with the following principles:

1. Conformity with the national economic and social development;
2. Productiveness, economization and endurance;
3. Protection of environment, society and nature (community, forest and water source);
4. Safety.

**Article 7. Scope of Application**

This law applies to all individuals, legal entities and organizations, both domestic and foreign entities, which operates the electricity business and activities, or manages related to the electrical facilities and user' site.

This law shall not cover the electricity energy from nuclear source.

**Article 8. International Cooperation**

State broadens the relation and foreign, regional and international cooperation by exchange experiences and information of electricity activities, such as: generation, transmission, distribution, export-import, transit, development and service of electricity business.

**Chapter II  
Electricity Activities**

**Article 9. Electricity Activities**

Electricity activities include electricity development plan, planning, data collection survey, design, construction and installation, generation, transmission, distribution, export-import, and services.

**Article 10. Electricity Development Plan**

The electricity development plan shall:

1. Ensure the principles of the use of natural resources source, energy source in appropriated, economical and highly effective manner;
2. Determine the targets, directions, mechanisms and methods in developing the technical and economical base for the electricity project; ensure the safe and regular supply of electricity, and mitigate social and environmental impacts in electricity business development;
3. Ensure the domestic consumption based on economic and social growth in each period and policy on national socio-economic development;
4. Determine the electricity export based on the priority of electricity consumption and needs in neighboring countries.

The electricity development plans consist of strategic plan and long, medium and short terms plans.

Ministry of Energy and Mines is the principal in coordination with the concerned organizations in setting up the electricity development plans and then, submit them to the Government for consideration and approval.

**Article 11. Planning**

Planning is the research of the stages and steps of the development of electricity project prior to the conduct of data collection survey, design, construction and operation of electricity project.

**Article 12. Survey of Data Collection**

The survey of collection of initial information on the socio-economy, environment, geology, hydrology and their impacts shall be the responsibility of the energy and mine sector in collaboration with other relevant sectors and local administrations in order to be served as the technical references for the calculation, design, construction and installation of electrical facilities and operation of electricity projects.

**Article 13. Design**

The design includes the placement of construction structure and electrical facilities installation.

The stages of design include the initial design, detailed and final design of project as provided for in a specific regulation.

**Article 14. Construction and Installation of Electricity**

Construction and installation of electricity shall ensure the safety, restriction and reduction of harmful effects to the nature and people's property.

Construction and installation of electricity shall be conducted in accordance with the Lao Electric Power Technical Standards.

**Article 15. Electricity Generation**

The electricity Generation is the process of the generation for electricity energy from Generator by hydropower, wind power, solar power, biogas and other powers.

The electricity generation shall ensure to use of modern equipments with quality and international standards and shall restrict and mitigate the social and environmental impacts.

**Article 16. Electricity Transmission**

Electricity Transmission is the process of transmission or conveying the electricity from the generation sites to electricity distribution stations, to cities and users or to abroad.

The transit of electricity through the Lao PDR is a transmission of electricity through Lao territory from other countries to the third countries by the decision of the Government of the Lao PDR. Electricity transit will be transmitted through the National Electricity Transmission Grid with service charges. In the case that the National Electricity Transmission Grid are not able to be transmitted through, the Government shall allow the transmitters to establish the transmission lines system by themselves, but such transmission lines shall be under the management and inspection of Ministry of Energy and Mines and other organizations concerned of the Lao PDR.

The establishment of the transmission line system through the Lao PDR shall ensure the reduction of the environmental impacts and harmful effects to the people and, shall pay the fees for the transit through the Lao territory and other service fees, including the compensation for all damage resulting from the establishment of such transmission line system and shall allow the Lao PDR to use such transmission line system as needed and shall ensure the technical aspects.

**Article 17. (Amended)The National Electricity Transmission Grid System**

The National Electricity transmission Grid is the high voltage transmission lines system which are connected from one region to other regions throughout the country and connected to the foreign transmission line system in order to ensure the management of generation, transmission and distribution, including the protection of the environment and property of the people.

All sources of electricity generation shall transmit the electricity into the National Electricity Transmission Grid, except for the electricity distribution within precinct of power plant, electricity generation small scale or where there is yet no the National Electricity Transmission Grid.

The investment in the development of the National Electricity Transmission Grid systems shall comply with the Law on Enterprises, Law on Investment Promotion and other relevant Laws.

Besides the National Electricity Transmission Grid, there are other transmission lines systems of other economic sectors, both domestic and foreign sectors

In the case that the National Electricity Transmission Grid are of the ownership of other economic sectors, the Government shall have the rights to have shares in such business as deemed appropriated or may buy such systems and include them into the State property.

**Article 18. Electricity Distribution and Principles of Distribution**

Electricity distribution is the distribution of electricity from distribution system or from the electricity generating equipment to various types of user's sites which are referred to as the electrical network by means of medium and Low Voltages.

Electricity distribution shall be carried out based on the following principles:

1. Continuous and regular electricity distribution;
2. Broad-based, sufficient and economical distribution of electricity;
3. Safe distribution of electricity;
4. Distribution of electricity to ensure socio-economic development;
5. Distribution of electricity to ensure national defense and public security protection activities.

**Article 19. Import and Export of Electricity**

The electricity export of as exporting goods shall ensure sufficient supply priority for domestic use, including industrial expansion and national socio-economic development.

Electricity can be imported into the Lao People's Democratic Republic, provided that it is necessary for the country's socio-economic development and with the approval of the government.

**Article 20. Service**

Service will be conducted by installation, maintenance, inspection, repairing, advice of electrical facilities which shall be given to the users and suppliers.

**Article 21. Installation of Electrical Facilities**

Individuals, legal entities or organizations undertaking the construction, installation, expansion, repair and maintenance of the electrical facilities shall strictly comply with the Lao Electric Power Technical Standards.

**Article 22. Establishment and Compliance with Electricity Technical Standards**

The Ministry of Energy and Mines is responsible to establish the Electricity Technical Standards in order to standardize the electrical tools, equipment, transmission lines and electrical appliances; and to ensure the safety and economization and to form of unanimous standards throughout the country to be able to control the quality of all electrical appliances domestically produced and imported from abroad.

Any new installation, expansion, repair, design, construction, operation and maintenance or management of electrical facilities shall be complied with the Lao Electric Power Technical Standards.

**Article 23. Remedy for conformance to Technical Standards**

In the case that it is found that any electrical installation, expansion, repair, design, construction, electrical facilities have no quality, the energy and mines sector or assigned sector has the right to order the electricity business operators to remedy, repair or rehabilitate to be in conformity with the Lao Electric Power Technical Standards or to order to suspend the use of such power facilities.

## **Chapter II Electricity Business**

**Article 24. Electricity Business Operation**

All electricity activities provided for in Article 9 of this Law can be operated in the form of electricity business. Electricity business is divided into two types i.e., general electricity business and electricity business in the form of concession.

General electricity business includes: planning, data collection survey, design, construction, installation, distribution and general services.

Electricity business in the form of concession includes: generation and electricity transmission by the public and private sectors.

Any individuals, legal entities or organizations wishing to operate the general electricity business shall ask for the authorization with industry and commerce sector and with the approval of the energy and mines sector; and shall comply with the Enterprise Law.

Any individuals, legal entities or organizations wishing to operate the general electricity business shall ask for the authorization with the planning and investment sector and with the approval of energy and mines sector; and shall comply with the Law on Investment Promotion.

**Article 25. Appointment of Chief Engineers**

Individuals, legal entities or organizations operating the electricity business shall appoint chief engineers to be responsible for the technical matter in the field of design, construction, installation and operation concerning the power facilities respectively and submit a notice of such nomination to the Energy and Mines sector.

The energy and mines sector is responsible for the determination of conditions and standards of the chief Engineers.

**Article 26(Amended). Investment in Electricity Business**

Investment in electricity business may be operated in the following forms:

1. Build, operate and transfer (BOT);

2. Build and transfer (BT);
3. Build, own and operate (BOO);
4. State solely operates and represented by the State electricity company.

Individuals, legal entities or organizations wishing to invest in electricity business shall be registered as legal entity in the Lao PDR in accordance with the laws and regulations.

**Article 27. Conditions for Establishment of Electricity Enterprise**

The conditions for establishment of electricity enterprise are as follows:

1. Experiences in business operation;
2. Financial stability;
3. Sufficiency of electrical engineers and of other specialist concerned;
4. No subject to court sentences by any intentional offenses, especially by economic offenses.

**Article 28. Modification of Electricity Business License**

Any operator of electricity business who wishes to modify his/her business license shall submit to the energy and mines sector for consideration an application together the reasons whereof.

**Article 29(Amended). Concession Procedures**

Procedures of the application for electricity business concession are as follows:

1. Signing of Memorandum of Understanding (MOU);
2. Signing of Project Development Agreement (PDA);
3. Signing of Concession Agreement (CA) and other agreements.

The detailed procedures, contents of each task components and authorization granting shall be complied with the specific regulation issued by the energy and mines sector.

The memorandum of understanding or the project development agreements may be extended by decision of the Government. The request for extension of the memorandum of understanding or the project development agreements shall be made one month before their expiration.

The memorandum of understanding may be extended only if the project developers have shown that they have actively and completely discharged their obligations and have a progress in their activities, but in anyway such extension cannot be more than nine months.

The project development agreements may be extended only if the project developers have completed or have an actual progress in their activities as provided for in the project development agreements, provided that each extension cannot be more than six months. For the electricity export project, the extension cannot be made more than three times. The extension of the electricity projects for domestic use cannot be made more than two times.

In the event that the project developers are not able to comply with the conditions and terms as determined in the memoranda of understanding or the project development agreements, such memorandum of understanding or the



project development agreements shall be considered by the Government as deemed terminated and no any compensation shall be paid by the Government.

The main activities, such as dam construction, power plant or water diverse tunnels, including tree logging from the reservoir of the development project can be operate only when the concession agreement is effective.

**Article 30 Technical, Economical and Financial feasibility Study**

Technical, economical and financial feasibility study is consisted of the following contents:

1. Technical, economical and financial results;
2. Maximum producible electrical capacity;
3. Estimated project value;
4. Estimated project term and the life of the dam or estimated term and life of some other electrical system;
5. Estimated electricity price and market for distribution;
6. Plans and operation phases: construction, installation, and commencement date of electricity supply.

**Article 31(Amended). Social, Environmental and Natural Assessment**

The social, environmental and natural assessment consists of the following main contents:

1. Assessment of environmental impact in each case, together with proposals of methods and measures for solving or mitigating any adverse impacts on the environment, water sources, land surface or underground, ecology, biodiversity and aquatic and wildlife animals habitats;
2. An estimate of the damage and resettlement of peoples affected by the electricity project;
3. Means to mitigate the impacts to water volume, including the accumulate impacts in the downstream reservoir of the dam;
4. Expenses for restoration of the impacts provided for in paragraphs 1, 2 and 3 of this Article shall be incorporated into the project cost.

Beside of expenses as stipulated in above, the project developer shall be paid for environment tax in compliance with the Laws.

**Article 32. Conditions of Concessionaire**

The concessionaire shall have the following conditions:

1. Have financial and technical capacity;
2. Have a good and trustworthy business background.

**Article 33(Amended). Concession Term**

A concession term shall commence from the date of signing of the Concession Agreement and shall be ended in a period not exceeding thirty years from the commencement of operation date (COD).

After the expiration of the concession term, the concessionaire shall transfer the entire activities to the Government in good and operational conditions which are inspected and certified by an independent engineer.

The above mentioned activities shall be transferred without any compensation whatsoever.

**Article 34 (Amended). Approval of Project Size**

Electricity projects in the Lao PDR are divided into four sizes as follows:

1. Electricity project with an installed capacity from one hundred kilowatts shall be approved by the district or municipal governor on the proposal of the district, municipality Office of Planning and Investment with technical consent of the provincial, city Division of Energy and Mines;
2. Electricity project with an installed capacity more than one hundred kilowatts to fifteen megawatts shall be approved by provincial, city governor on the proposal of the district, municipal Office of Planning and Investment with technical consent of the Ministry of Energy and Mines;
3. Electricity project with an installed capacity more than fifteen megawatts to one hundred megawatts shall be approved by the government on the proposal of the Ministry of Planning and Investment with technical consent of the Ministry of Energy and Mines;
4. Electricity project with an installed capacity more than one hundred megawatts or has a reservoir area with more than ten thousand hectares or has a severe socio-economic and natural impacts shall be approved by Standing Committee of the National Assembly the proposal of the Government.

**Article 35. Safety of Operation and Maintenance**

Individuals, legal entities organizations that operated the electricity business shall ensure the safety in operation and maintenance of the power facilities of engineering of power plant construction, such as: dam, reservoir, spillway, power hours, transmission line, substation distribution lines and electrical facilities, including the user's site.

To ensure the above mentioned safety, individuals, legal entities organizations that operated the electricity business shall establish the safety rules for Operation and Maintenance in accordance with the Lao Electric Power Technical Standards and then, submit them to the energy and mines sector for consideration.

**Article 36. Rights of Concessionaire**

The concessionaire of electricity business has the main rights as follows:

1. Lease or concede land necessary for electricity business operation;
2. Receive benefits from the concession;
3. Receive protection under the laws;
4. Receive technical and technological instructions on electricity;

5. Transfer or to assign the electricity business within the remaining period of concession to other persons with the consent of the Standing Committee of the National Assembly, Government or local administrations under the scope of responsibilities provided for in Article 34 of this Law.

**Article 37(Amended). Obligations of Concessionaire**

The concessionaire of electricity business has the main obligations as follows:

1. Strictly comply with the laws and regulations relating to labor and other relevant laws of the Lao PDR;
2. Operate the business in accordance with the concession agreement, technical, economical and financial feasibility study and socio-economical and natural impacts;
3. Deposit a guarantee with the banks in accordance with the laws and regulations;
4. Have money or assets in the amount equal to the registered capital; as for foreign investors, shall import the registered capital as foreign currency accordingly to the laws and regulations or contracts;
5. Keep account as provided for in the Accounting Law, except for those projects using foreign loans which shall have to comply with the international accounting system;
6. Completely and timely pay royalty, duty and tax obligations and other obligations in accordance with the laws and regulations;
7. Pay compensation for damage in case of causing damages to life, health and property of the people, to environment and to resettlement of people;
8. Provide trainings and technical capacity building and ensure social welfare of the employees, technicians and workers;
9. Record and report results of the implementation of concession agreements according to the period of time, including detailed expenses of the project;
10. Maintain and repair machinery and electrical equipment in order to maintain them in good condition according to the period of time and technical principles related to electricity;
11. Pay all debts and repair machinery and all components to be in good conditions ready for use before the handover of electricity business together with the technical, economical and financial feasibility study and project documents to the State without any compensation upon the expiration of concession or in the event that the concessionaire ceased to operate the electricity business;
12. Coordinate, cooperate and pay contribution in the socio-economic development of the locality where the project is situated.
13. Perform other obligations as provided by the laws and regulations.

**Article 38. Expiration of Concession**

The concession shall expire in the following cases:

1. End of the concession term;

2. Cessation of the concession before its term based on the proposal of the concessionaire with the approval of the State;
3. Withdrawal of concession rights due to a serious violation of the laws and regulations or failure to comply with the contractual obligations or other obligations provided for in the laws and regulations;
4. Failure to repair or rehabilitate such activities due to the force majeure;
5. Termination of the concession agreement.

Before expiration of concession shall be evaluated the result of project implementation.

**Article 39(Amended). Electricity Project with No Requirement for Concession Agreement**

The electricity projects with no requirement for concession agreement are as follows:

1. Construction and installation of electrical facilities which are solely undertaken by the State;
2. Building of the hydropower project with an installed capacity of less than fifteen megawatts and with no serious harmful effects to the environment, society and nature, provided such building shall comply with provisions of the relevant laws and regulations;
3. Building and installation of electrical machinery to generate electricity by means of a heating system of less than five hundred kilowatts and building and installation of renewable energy system, such as: underground heating source, solar energy, wind energy, biogas or biomass energy, palm oil, energy from water streams, wastes from wood processing, sugar or paper manufactories and others, with serious harmful effects to the environment, society and nature, provided such building shall comply with provisions of the relevant laws and regulations;

The procedures on granting of license, development, management, conditions and relevant obligations for the electricity projects with need no requirement for concession agreement are determined in specific regulations.

The investment in hydropower project building as provided in paragraph 2 of this Article shall be reserved for the Lao citizens only.

**Article 40 Use of Land for Electricity Project**

The use of land for electricity project shall be undertaken a follows:

1. The project developer shall clearly determine the limits of land use and methods of compensation for land use in the course of conducting the technical, economical and financial feasibility study, and the environmental, social and natural impacts from the project;

2. The energy and mines sector shall coordinate and cooperate with the natural resources and environment sector and other relevant sectors and local administrations in the planning of land use within the concession areas;
3. The natural resources and environment sector shall provide the land areas for use to the investor in accordance with the Law on Land of the Lao PDR after the investor has obtained the approval.

**Article 41(Amended). Contribution to the Fund**

In addition to the payment of royalty, duty and tax, the project developer, shall pay its contribution to the Fund for environment protection within the concession areas and surrounding areas, catchment reservoir protection, project downstream areas and socio-economic infrastructure development of the locality where the project is located.

**Article 42. Report**

Individuals, legal entities or organizations operating the electricity business shall regularly submit their report on the design, construction, operation and safety relating to electricity to the Energy and Mines sector and relevant local administrations in accordance the applicable regulations.

**Chapter IV  
Development of Rural Electricity**

**Article 43. Promotion of Rural Electricity**

Individuals, legal entities or organizations investing in electricity generation, distribution, electricity purchase and sale, investment in construction of electrical transmission lines and distribution line, electrical services or in electrical generation sources by new energy ,renewable energy in order supply the electricity to the remote areas and upland areas, shall receive special promoted policies relating to investment, the same as of other investment promotion activities in accordance with other law on investment and other relevant laws and regulations.

**Article 44. Investment in Rural Electricity Development**

Parties who are allowed to invest in the development of rural electricity are as follows:

1. Province, Capital, or District, municipality which invest in the construction and installation of electrical facilities by oneself;
2. Individuals, legal entities or organizations, both domestic and foreign, that invest in construction and installation of electrical facilities by assigning the province, Capital, or District, municipality to manage and use;
3. Units of electrical enterprises which operate business on electrical distribution, construction, installation and services shall be in charge of investment in the construction and installation of medium

Voltage, Electrical transformers, low Voltage to the power metering. With regard to the individuals, legal entities or organizations that use the electricity, they shall be responsible for the payment for such use from power metering to inside their houses or inside their offices;

4. The multi-ethnic people shall contribute their assets and labor force in the development of electricity in their own localities;
5. For the remote rural areas, focal areas or areas with exceptional economic difficulties and where nobody has invested in, the State shall have a promotion policy or shall provide the funds for the building of the medium Voltage distribution lines system, electrical transformer, and low Voltage down to the Power metering.

**Article 45(Amended). Approval of Rural Electrification Project**

The province, Capital, or District, municipality is responsible for the approval of the rural electrification projects which are under its responsibility in accordance with one-door mechanism depending on the size of installed capacity as determined in Article 34, paragraphs 1 and 2 of this Law.

**Article 46. The Fund for Rural Electricity Development**

The State encourages the establishment of the Fund for Rural Electricity Development in order to contribute in the construction and installation to be gradually and thoroughly expanded aiming at poverty eradication and improvement of the living conditions of the multi-ethnic people.

Sources of the Fund for Rural Electricity Development come from the State budget, domestic and foreign assistance, loans, electricity service providers' contribution, people and other incomes for various activities.

The management and use of the Fund for Rural Electricity Development are determined in specific regulations.

## **Chapter V Electricity Prices**

**Article 47. Electricity Prices**

The determination of electricity prices shall ensure the socio-economic conditions of the country and shall be suitable to the targets of use and types of the users.

The electricity prices shall be stable and ensure the electricity investment return and development.

The Ministry of Energy and Mines shall cooperate with other sectors and parties concerned to study the electricity price structure of each type to submit the Government for consideration in each period of time.

The electricity prices for the use targets and user's types shall be determined by the Government.

**Article 48. Types of Electricity Price**

The electricity prices are divided into the following types:

1. The prices of import purchase and export sale;

2. The prices of domestic purchase and sale.

The Government is responsible for the determination of prices for each electricity type.

**Article 49(Amended). Rural Electricity Prices**

The prices of rural electricity are as follows:

1. The electricity prices to be used in rural areas which are connected to the on-grid system in compliance with the Article 48 of this Law;
2. The purchase and sale of electricity from the projects invested by the State and which have not yet connected with the on-grid system shall be studied and proposed the price policy by the Energy and Mines sector in collaboration with the local administrations concerned;
3. The purchase and sale of electricity from the projects invested by private sectors shall be proposed by the relevant investors in collaboration with the Energy and Mines sector and other sectors concerned and then, submit to the local administrations concerned for consideration.

**Chapter VI**  
**Rights and Obligations of**  
**Electricity Producers, Distributors and Users**

**Article 50(Amended). Rights and Obligation of Producers**

The electricity producers have the main rights as follows:

1. Conclude contracts for electricity purchase and sale with the users in accordance with the laws and regulations;
2. Transfer or handover of electricity activities to other persons with the State's approval;
3. Receive the electricity service charges, and protection of their rights and benefits;
4. Request for cooperation from the Energy and Mines Sector and local administrations concerned in case of necessity.

The electricity producers have the main obligations as follows:

1. Strictly comply with the Safety Rules for Operation and Maintenance, and with the Lao Electric Power Technical Standards;
2. Pay the royalty, duty and tax and other obligations in accordance with the laws and regulations and the concession agreement;
3. Continuously and regularly produce the electricity current;
4. Pay compensation for damage of land and crops, and for resettlement, allocation of residences and places of livelihoods to the people affected by the electricity generation.

**Article 51. Rights and Obligations of Electricity Distributors**

The electricity distributors have the main rights as follows:

1. Collect fees for electricity distribution and services;
2. Determine measures to ensure the safety of the people and the environment relating to electricity distribution;
3. Inspect the construction, installation and use of electricity of electricity users;
4. Warn and lodge a claim against the electricity users who seriously violate electrical regulations or caused or will cause damage to the electricity distribution;
5. Suspend electricity distribution to users who seriously violate regulations on the use of electricity;
6. Refuse the request of such individuals, legal entities or organizations wishing to use their distribution lines when deemed there is no technical safety.

Electricity distributors have the following obligations:

1. Timely, thoroughly and regularly provide electricity to the users with quality and conformity with the Lao Electric Power Technical Standards;
2. Notify the electricity users in advance each time when electricity supply will be cut off, except for emergency case;
3. Establish and provide the instruction on regulations regarding the use of electricity, give necessary information on safety to the users and responsibly and timely provide service to electricity users;
4. Use modern and qualified electricity equipments;
5. Ensure the safety and social welfare of electricity staffs and social safety;
6. Pay duty and tax and other obligations in accordance with the laws and regulations;
7. Pay compensation for damage caused by electricity distributions which created harmful effects to the life, health and property of the people and environment;
8. Authorize the individual, legal entities or organization to use their electricity distributions lines in accordance with the Lao Electric Power Technical Standards;
9. Regularly summary and report the result of electricity distribution and management in accordance with the Lao Electric Power Technical Standards to the Energy and Mines sector;
10. Perform other obligations as provided by the laws and regulations.

**Article 52. Rights and Obligations of Electricity Users**

The electricity users have the main rights as follows:

1. Have safety in using the electricity;
2. Obtaining the convenient service in installing and repairing the electricity in the house or office;
3. Obtaining instruction of ~~on~~ electricity usage;



4. Propose the inspection and recalculation of electricity price when it is deemed incorrect;
5. Propose or claim the electricity business operator who has caused damage resulting from the uninsured service and electrical technique.

The electricity users have the main obligation as follows:

1. Be responsible for the maintenance and change of the electrical conductors and electrical appliances in their houses or offices;
2. Comply with the regulations and instructions on electricity usage;
3. Economically and effectively use of electricity;
4. Regularly and fully pay the fees for electricity use and service;
5. Facilitate to the staff and electrical authority to install, repair, inspect and record of electricity usage figures;
6. Immediately notify electricity officials when an electricity-related irregularity is founded;
7. Contribute to the protection of electrical facilities.

## **Chapter VII Prohibitions**

### **Article 53. Prohibitions for Electrical Staff and Officers**

The electrical Staff and Officers are prohibited to take the following actions:

1. Opportunistically use of position and take bribes from electricity business for personal interests;
2. Abuse of powers which cause damage to the interests of the State or collectives or legitimate rights and benefits of the people;
3. Abandon one's duties and responsibilities relating to electricity business assigned by relevant organizations;
4. Disclose of the State or official secrets on electricity business;
5. Falsify electricity business-related documents;
6. Operate or enter in operation of electricity business in all forms;
7. Use of violence, menace, threat and use of illegal measures;
8. Illegal purchase and sale of electrical facilities;
9. Take other actions which are contradicted with the laws and regulations.

### **Article 54. Prohibitions for Business Operators**

The domestic and foreign business operators are prohibited to take the following actions:

1. Conduct the survey and develop electricity business without authorization;
2. Undertake the construction and installation and put in operation of the non-standardized electrical facilities and without authorization;
3. Create the obstruction or delay the implementation of the electricity development projects of which they have obtained authorization;

4. Use or give incorrect information on survey, design, construction and operation of electricity business;
5. Pay or give the bribes to the staff, officers and the people;
6. Use of violence and refer to the names of other persons to threaten the staff, officers and the people;
7. Purchase and sale of electrical equipments illegally and non-standardized;
8. Violate the rights and duties of the local administrations relating to electricity business;
9. Take other actions which are contradicted with the laws and regulations.

**Article 55. Prohibitions for the People**

The people are prohibited to take the following actions:

1. Trespass or destroy, mainly, the protected forests, water source forests reserved for the electricity production in order to ensure that the water shall not drawn down;
2. Trespass the premises, steal or destroy the electrical equipment and components;
3. Undertake the construction, resettlement or production nearby the surrounding areas of the location of the electrical facilities without authorization;
4. Associate with the business operators, staff or officers to trespass into the premises and steal or destroy the electrical facilities;
5. Obstruct the performance of duties of the electrical staff and officers;
6. Use of violence and refer to the names of other persons to threaten the staff and officers or others for personal interests;
7. Illegal purchase and sale of electrical;
8. Take other actions which are contradicted with the laws and regulations.

**Article 56. Prohibitions for Organizations and Other Persons**

The organizations and other persons are prohibited to take the following actions:

1. Abuse of power, use of violence and refer to the names of other persons to threaten the electrical staff and officers for illegitimate interests;
2. Opportunistically use of position to seek for personal or group interests from electricity business;
3. Operate electricity business by oneself or have partnership without authorization;
4. Authorize survey, design, undertake the construct or operation relating to electrical facilities in contradiction with the procedure and laws and regulations;
5. Delay the case proceedings of the disputes relating to electricity business;
6. Obstruct the performance of duties of the electricity officers;

7. Operate electricity business without authorization in accordance with the laws;
8. Produce, assembly, purchase, sell, distribute, import electrical facilities which are not standardized or with low quality;
9. Take other actions which are contradicted with the laws and regulations.

## **Chapter VIII Dispute Resolution**

### **Article 57. Forms of Dispute Resolution**

The resolution of disputes may be conducted in the following forms:

1. Mediation or conciliation;
2. Administrative resolution;
3. Resolution by arbitration panel;
4. Court decision;
5. Resolution of international characteristic.

### **Article 58. Mediation and Conciliation**

In the event that the dispute on electricity business has arisen, the disputing parties may negotiate, mediate or conciliate between themselves.

### **Article 59. Administrative Resolution**

In case of failure to resolve the dispute by mean of mediation, the disputing parties may present the dispute to the energy and mine sector from which they have obtained the authorization to resolve the dispute.

### **Article 60. Resolution by arbitration panel**

In case when the energy and mine sector failed to mediate or conciliate the disputes, the disputing parties may submit such dispute to the arbitration panel for consideration and resolution in accordance with the laws and regulations.

### **Article 61. Court Decision**

In the case that the dispute relating to electricity business cannot reach an agreement between the disputing parties by mean of administrative resolution or arbitration, any of the disputing parties has the rights to request the people court to consider and decide such dispute in accordance with the laws and regulations.

### **Article 62. Resolution of International Characteristic**

The resolution of disputes relating to electricity business between the domestic investors and foreign investors or between foreign investors themselves in the Lao PDR or between foreign investors and the Lao Government shall be referred to the domestic or foreign or international arbitration bodies as may be agreed by the disputing parties.

## **Chapter IX Management and Inspection**

### **Article 63. Management Organizations**

The Government centrally and unanimously manages the electrical activities throughout the country by assigning the energy and mines sector to be the principal in coordinating with other relevant sectors, such as the sectors of planning and investment, water resources and environment, national defense, public security, finance, local administrations and other sectors concerned.

The electricity activities management organizations are comprised of:

1. Ministry of Energy and Mines;
2. Provincial, City Divisions of Energy and Mines;
3. District, Municipality Offices of Energy and Mines.

### **Article 64 (Amended). Rights and Duties of the Ministry of Energy and Mines**

In the management of the electricity activities, the Ministry of Energy and Mines has the following rights and duties:

1. Being the secretary in elaborating the strategic plans, electricity development plans, laws and regulations on electricity activities to submit the Government for consideration;
2. Disseminate and publish the laws and regulations on electricity activities and development plans;
3. Direct and monitor the implementation of electricity activities throughout the country;
4. Direct the data collection survey and statistic registration on electricity sources throughout the country;
5. Technically manage and monitor the electricity business of both public and private sectors;
6. Direct the environmental protection and electrical energy source preservation;
7. Study and research and give technical advice on the investment in electricity businesses within the scope of its responsibility;
8. Study on the extension, suspension or withdrawal of the electricity business licenses of the investors;
9. Give instructions to the electricity business operators on the import of electricity, electrical facilities;
10. Build, improve and upgrade the knowledge capacity of technical and managerial staffs on electricity development activities;
11. Approve the appointment of the Chief Engineers under its responsibility on the proposal of the electricity business operators;
12. Study and research the electricity prices and submit them to the Government for consideration;
13. Coordinate with other sectors and relevant local administrations in management of electricity business;

14. Contact and cooperate with international organizations relating to electricity activities and seeking sources of funds for electricity development;
15. Regularly summarize and report the result of the implementation of electricity activities to the Government;
16. Exercise other rights and perform other duties on electricity activities as provided for in the laws and regulations.

**Article 65 (Amended). Rights and Duties of the Provincial, City Divisions of Energy and Mines**

In the management of the electricity activities, the Provincial, City Divisions of Energy and Mines has the following rights and duties:

1. Organize and develop strategic plans, electricity development plans, direct and manage electricity activities within the scope of their responsibilities;
2. Disseminate and publish the laws and regulations on electricity activities and electricity development plans in their locality;
3. Technically manage and monitor the electricity business of both public and private sectors;
4. Organize the data collection survey, collect the statistics and protect electricity energy sources;
5. Study and give instructions on the operation of electricity business of installed capacity of less than fifteen megawatts relating to the electrical facilities;
6. Study and research and give technical advice on the investment in electricity activities within the scope of their responsibility;
7. Approve the appointment of the Chief Engineers under their responsibility on the proposal of the electricity business operators;
8. Protect environment and preserve electrical energy sources;
9. Coordinate with other sectors and relevant local administrations in management of electricity business;
10. Contact and cooperate with international organizations as assigned by Ministry of Energy and Mines or Provincial, City Administrations;
11. Regularly summarize and report the result of the implementation of electricity activities to their higher level organization;
12. Exercise other rights and perform other duties on electricity activities as assigned by Ministry of Energy and Mines or Provincial, City Administrations.

**Article 66 Rights and Duties of District, Municipality Offices of Energy and Mines**

In the management of the electricity activities, the District, Municipality Offices of Energy and Mines has the following rights and duties:

1. Organize the implementation of plans, projects, laws and regulations, and instructions of the Ministry of Energy and

- Mines and Division of Energy and Mines relating to electricity activities;
2. Disseminate laws and regulations on electricity and regulations of safety rules for operation and maintenance to the electricity business operation in accordance with their responsibilities;
  3. Give instructions on the operation of electricity business of installed capacity of less than one hundred kilowatts relating to the electrical facilities;
  4. Give instructions on the operation relating to the electrical facilities and collect statistics of electrical-related serious accidents;
  5. Coordinate with other sectors and relevant local administrations in management of electricity business;
  6. Regularly summarize and report the result of the implementation of electricity activities to their higher level organization;
  7. Exercise other rights and perform other duties on electricity activities as assigned by Provincial, City Divisions of Energy and Mines or District, municipality Administrations.

**Article 67. Rights and Duties of Other Sectors and Parties**

In the management of electricity activities, other relevant sectors and local administrations shall have the rights and duties to coordinate with the Energy and Mines Sector in accordance with their roles.

**Article 68(Amended). Inspection Organizations**

The Inspection organizations are comprised with the internal inspection organizations which are the same organizations as of the electricity activity management organizations as provided for in Article 63 of this Law; and external organizations.

In addition, there is also technical inspection committee.

All expenses in the conduct of technical inspection and audit relating to electricity business shall be calculated and included in the projects costs.

**Article 69. Technical Inspection Committee**

The technical inspection committee is comprised of the Energy and Mines Sector and other concerned sectors and is appointed by the Minister of Energy and Mine in order to ensure that the construction, installation, and operations of an electricity business are technically sound, ensure safety, and protect the environment, society and nature.

The technical inspection committee shall be automatically terminated after having completed its duties as assigned.

**Article 70. External Inspection**

The objective of the external inspection is to inspect the performance of duties of the management and inspection organizations in order to make them strengthened, transparent and fair.

The external inspections are as follows:

1. Inspection of the National Assembly as provided for in the Law on Oversight and Supervision of the National Assembly;
2. Inspection of the Government inspection organizations and the anti-corruption as provided for in the Law on State Inspection;
3. Audit of the State audit organizations as provided for in the Law on the State Audit;
4. Monitor and inspection by the Public.

**Article 71. Contents of Inspection**

The inspection has its aims to render the electricity activities effective, to ensure the technique, safety and environmental protection and to ensure that the electricity business is operated in accordance with the laws and regulations.

The electricity activity inspection has the following contents:

1. Compliance with the procedures of electricity business operation;
2. Compliance with the time schedule of electricity business operation;
3. Compliance with the economical, technical and financial feasibility study on electricity business;
4. Compliance with the action plans on electricity business;
5. Compliance with technical safety standards;
6. Compliance with laws and regulations and agreements on electricity business;
7. Compliance with the standards for electrical equipment;
8. Design, construction, installation and management of electrical facilities;
9. Application of measures to mitigate the environmental impacts;
10. Compensation for damage against the life, health, property of the people and environment;
11. Financial, policy and social welfare systems;
12. Registration and records of the electricity consumption figures.

**Article 72. Forms of Inspection**

The inspection of electricity activities has three forms as follows:

1. Regular inspection;
2. Inspection with prior notification;
3. Emergency inspection.

Regular inspection is an inspection carried out in regular manner in accordance with the fixed time.

Inspection with prior notification is an inspection conducted out the plans when deemed necessary and with an advance notice to the targets to be inspected.

Emergency inspection is an urgent inspection without any prior notification to the targets to be inspected.

## **Chapter X**

### **Policies towards Persons with Outstanding Achievements and Measures against Violators**

#### **Article 73. Policies towards Persons with Outstanding Achievements**

Individuals, legal entities or organizations with outstanding achievement in implementing this Law, such as in carrying out electricity activities and environment protection shall receive rewards and other policies in accordance with the laws and regulations.

#### **Article 74. Measures against Violators**

Individual, legal entities or organizations that violated this Law shall be educated, warned, disciplined, fined, paid the compensation for damage or criminally punished depending on the gravity of their acts.

#### **Article 75. Re-educational Measures**

Individuals, legal entities or organizations that have violated law on electricity, prohibitions or failed to comply with electricity technical standards causing not serious damages or failed to timely report the result of electricity business operation shall be re-educated and warned.

#### **Article 76. Disciplinary Measures**

Electricity officers or staffs who have violated the laws and regulation and prohibitions on electricity by committing not a serious offense and not a criminal offense that cause damage amounted less than one million kips, and have involuntary reported on their own acts and run away from their wrong doings shall be subjected to the disciplinary measures as follows:

1. Warning on the committed wrong doings and record them into the biography;
2. Suspension of upgrade, salary levels and rewards;
3. Removal of position to another lower position;
4. Dismissal without giving any policies.

The disciplined person shall return such property which has been illegally acquired back to the State.

#### **Article 77. Fines**

Individuals, legal entities or organizations that have violated electricity laws by which damage has caused, but such violation could not constitute a criminal offense, shall be fined by any one of the following acts:

1. Operating an electricity business without approval;
2. Constructing, installing electrical facilities without approval;
3. Installing electricity into one's home without approval;
4. Allowing others to draw electricity from one's home without approval;
5. Modifying power metering;



6. Failing to adhere to electric power technical standards and safety standards;
7. Failing to adhere to standards to limit adverse environmental impact;
8. Failing to pay taxes and duties and other obligations in accordance with the laws and regulations;
9. Failing to pay compensation for damage caused to the environment, and to people's lives and property.

The fining rates are determined in specific regulations.

**Article 78. Civil Measures**

Individuals, legal entities or organizations that have violated this law and have caused damage to other persons shall pay compensation for damages caused.

**Article 79. Penal Measures**

Any individual committing a violation of laws and regulations related to electricity which constitutes an offence shall be prosecuted and punished accordingly to the Penal Law.

## **Chapter 12 Final Provisions**

**Article 80. Implementation**

The government of the Lao People's Democratic Republic shall implement this law.

**Article 81(Amended). Effectiveness**

This Law shall enter into force after sixty days from the date of the promulgating Decree issued by the President of the Lao People's Democratic Republic.

This Law replaces the Law on Electricity, No. 03/NA, dated 8 December 2008.

This Law has no retroactive effects for such electricity projects which have been approved before this Law takes effects.

Any regulations, provisions contradicted with this Law shall be cancelled.

President of National Assembly