



شعبة الترجمة الرسمية
Official Translation Department

Electricity Law

Royal Decree No. 262
December 29, 2020

Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



National Center for Archives & Records



Electricity Law

Chapter 1: Definitions

Article 1

In this Law, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Ministry: Ministry of Energy.

Minister: Minister of Energy.

Authority: Water and Electricity Regulatory Authority.

Board: Board of Directors of the Authority.

Governor: Governor of the Authority.

Law: Electricity Law.

Statute: Statute of the Water and Electricity Regulatory Authority.

Regulations: Regulations issued by the Authority to carry out its regulatory duties in accordance with this Law.

Electricity Activity: An activity that a person carries out or intends to carry out in the field of electricity, including electricity generation and cogeneration from any source of energy; electricity transmission, distribution, trading, and retail sale; principal buyer's business; and district cooling.

Energy: All types of hydrocarbon and electrical energy generated from conventional, renewable, and atomic sources.

Trading: The bulk purchase of electricity from a licensee for sale to another licensee or a large consumer, or the importation or exportation of electricity.

Retail: Retail sale of electricity to consumers.

District Cooling: The centralized production of thermal energy and the distribution thereof using chilled water or any other medium via insulated pipes to cool or heat the air in buildings and facilities.

Cogeneration: The simultaneous production of electricity and desalinated water or steam, or both.

Dominant Position: The ability to influence decision-making and fair competition.

Principal Buyer: A person licensed to purchase energy, or any other person designated by the Authority, who undertakes the business of trading and offering energy-generation projects in accordance with the license.

Consumer: Any person supplied with electricity for private consumption.

Large Consumer: A consumer whose electricity consumption exceeds the limit the Authority sets from time to time.



License: A document issued by the Authority for engaging in an electricity activity.

Exemption: A document issued by the Authority for engaging in an electricity activity without a license, or for exemption from one or more license conditions.

Licensee: A person holding a valid license or exemption.

Tariff: An approved financial consideration for providing or selling an electricity-related service or commodity.

Price: A financial or in-kind consideration agreed upon between two or more licensees or between a licensee and a large consumer for providing or selling an electricity-related service or commodity.

Electricity Market: A situation where the sale and purchase of electricity is subject to free market factors and where the price of electricity is governed by supply and demand.

Transmission Substation: A station that transforms the voltage to a different voltage or to a medium voltage for transmission.

Distribution Station: A station that transforms medium voltage to a different medium voltage.

Distribution Substation: A station that transforms medium voltage to low voltage.

Chapter 2: General Provisions

Article 2

This Law aims to:

1. improve the electricity service provided to consumers and protect their rights, including the right to choose from among licensed competitors to ensure they receive reliable and efficient electricity service at fair, reasonable, and competitive prices;
2. create an environment that promotes fair competition;
3. ensure the electricity sector's compliance with State policies and directives to achieve economic growth and social prosperity;
4. facilitate consumers' access to electricity and deliver electricity to off-grid areas;
5. provide safe, secure, reliable, and highly efficient electricity at the lowest cost possible;
6. protect licensees' rights and interests by adopting a transparent, consistent, and non-discriminatory regulatory framework for electricity activities in the public and private sectors;
7. promote private sector participation in the expansion of electricity activities to enable it to achieve reasonable returns;
8. develop the structure of the electricity sector in the Kingdom to promote competition in electricity activities;



9. promote research and development, and localize technology, jobs, and services in the field; and
10. ensure the electricity sector complies with relevant laws and codes, as well as with approved environmental and safety standards of the electricity activity.

Article 3

The Ministry shall, without prejudice to the jurisdictions of other government agencies and to achieve the objectives of this Law, undertake the following:

1. Prepare draft policies and strategies for the electricity sector.
2. Oversee relevant agencies regarding relevant policies and strategies approved in accordance with paragraph (1) of this Article.
3. Develop plans and programs and conduct studies necessary for the electricity sector in coordination with relevant agencies, and approve, issue, update the same, and ensure their implementation.
4. Develop a long-term plan for the electricity activity in coordination with the Authority, and approve such plan according to approved policies and strategies and monitor the implementation thereof. The plan shall include:
 - a) determining the type of fuel available to the electricity sector;
 - b) determining the percentages of various energy sources used in the optimum energy mix for the production of electricity;
 - c) interconnecting, reinforcing, and upgrading the electricity network in the Kingdom, and providing electricity to off-grid areas; and
 - d) maintaining an adequate reserve of power generators at generation or production stations as well as ensuring an adequate capacity at transmission and distribution networks.
5. Represent the Kingdom and its interests in relevant local, regional, and international organizations and bodies, in matters relating to the Ministry's duties, including electrical interconnection and commercial exchange of electricity with other countries. The Ministry may delegate such powers or part thereof to other government agencies.
6. Take necessary measures in the event of an existing or imminent threat to the Kingdom's supply of fuel or electricity. In such case, it shall temporarily have exceptional powers to control electricity resources and fuel reserves of licensees, in coordination with relevant agencies.
7. Establish a long-term program, in coordination with relevant agencies, to support national industry in the electricity sector; localize modern technology; develop human resources; and increase local content by setting and enforcing a mechanism to localize jobs, goods, and services in the electricity sector, as well as create and develop an investment environment for the supply chains of industries related to the electricity sector, especially for small and medium enterprises.
8. Conduct studies and support research and development in the electricity



sector.

9. Coordinate with relevant agencies in monitoring the implementation of approved programs for conserving electricity and raising the efficiency of its production and consumption.
10. Develop and document databases, statistical data, and technical information relating to the electricity sector; conduct surveys; and prepare reports thereon.
11. Propose amendments to this Law in coordination with the Authority.

Article 4

The Authority shall, subject to policies and strategies approved under Article 3 of this Law and in addition to the duties stipulated in its Statute, undertake the following:

1. Issue regulations relevant to its duties, including:
 - a) the implementing regulations of this Law;
 - b) technical, operational, and procedural rules relating to the electricity activity;
 - c) performance indicators which must be achieved by the licensee;
 - d) rules governing the relationship between licensees and the relationship between licensees and consumers;
 - e) classification of types of electricity activity and updates thereto; and
 - f) rules for issuing licenses, permits, and exemptions, as well as rules for determining their fees.
2. Take necessary measures to secure additional resources for generating electricity if significant shortage in electricity supplies is expected, and notify the relevant agency of said measures.
3. Take necessary measures to manage the electricity activity in exigent circumstances in accordance with this Law and the rules and procedures set by the Authority.
4. Resolve complaints raised by relevant parties regarding the electricity activity.
5. Take measures to implement this Law and the regulations relating to its duties.
6. Monitor the licensee's compliance with management, accounting, and investment regulations and rules;
7. Approve the documents and procedures for qualification and tendering of electricity activity projects, subject to rules and procedures set by the Authority.
8. Approve the execution plans prepared by the licensee in accordance with the long-term plan approved by the Ministry.
9. Coordinate with the Ministry to ensure the optimal use of energy resources to achieve the best return for the national economy; this shall include, but not be limited to, the following:
 - a) the licensee's compliance with the standards issued by relevant agencies for raising the efficiency of electricity generation;
 - b) observing approved environmental protection measures and standards;



and

- c) promoting projects of highly efficient and economically viable power plants.

Chapter 3: Regulatory Framework for Licenses

Article 5

1. The Authority shall prepare a structural framework for the license and the issuance thereof and shall assume all relevant matters.
2. No electricity activity may be carried out without a license.
3. Notwithstanding paragraph (2) of this Article and subject to the regulations, the Authority may issue an exemption for engaging in certain electricity activities.
4. License applications shall be filed with the Authority. The license shall be issued within 30 business days from the date the application is completed and the requirements are satisfied. If the application is rejected, the decision must be reasoned. In case of rejection or failure to render a decision within 30 business days, the applicant may appeal before the Administrative Court.
5. The licensee may not, without obtaining the Authority's written permission, assign his license or transfer ownership of licensed assets, whether through sale, pledge, or through any other means. The Authority shall set the conditions for such actions, provided they do not prejudice the electricity activity.
6. If the licensee fails to carry out the licensed activity, the Authority shall take the necessary measures to ensure the provision of the service is not interrupted, subject to the regulations.
7. If the licensee fails to provide adequate service, he shall compensate the aggrieved parties; the regulations shall specify the relevant criteria and conditions.
8. The Authority shall assume monitoring and inspection duties in accordance with Article 19(6) of this Law.

Article 6

1. The licensee may not suspend the consumer's electricity service without prior notification; service suspension must be in accordance with the rules set by the regulations.
2. The licensee shall comply with this Law, the regulations, license conditions, and decisions and instructions issued by the Authority.

Article 7

1. The licensee may acquire land suitable for the project or the route to carry out the licensed activity, or for related purposes, in accordance with the Law of Eminent Domain and Temporary Taking of Property.
2. The licensee shall, in fulfilling his license obligations and to the extent necessary as specified in the regulations, have the right of access for his



- equipment and supplies to the point of connection of his electric network to that of any of his clients.
3. The agencies responsible for approving parcel plans and issuing building permits shall verify the availability of sites for transmission substations and distribution stations and substations in new parcel plans upon their approval and upon issuance of building permits.
 4. Agencies must, in order to verify the availability of sites for transmission substations and distribution stations and substations, coordinate with a transmission and distribution licensee prior to the approval of any amendment it makes within its jurisdiction to building permits in existing parcel plans.
 5. A government agency may, for the purpose of providing service to its sites, assign electricity activity assets to the licensee, according to the rules set by the Authority.

Chapter 4: Backup Power Sources

Article 8

The following entities shall, at their expense and in accordance with the Saudi Building Code requirements, maintain a backup power source of a capacity not less than the minimum capacity required for emergency situations:

1. Health facilities designated by the Minister of Health in coordination with the Authority, as well as vaccine storage facilities and blood banks.
2. City sewage pumping and treatment facilities.
3. Reception, transmission, and distribution telecommunication stations of licensed entities as well as public radio and television stations.
4. Airports and essential buildings of government agencies as well as any site designated and supervised by said agencies, in coordination with the Authority.
5. Factories and frozen and chilled food warehouses designated by the relevant minister in coordination with the Authority.
6. Radiation and atomic energy facilities.
7. Other facilities designated by the Board.

Article 9

1. The emergency situations referred to in Article 8 of this Law shall mean any incident which occurs beyond the reasonable control of the transmission or distribution licensee and which results in a partial or complete power outage, whether due to technical reasons or otherwise.
2. The duration of a power outage must not exceed the period specified in the regulations.

Article 10

The facilities referred to in Article 8 of this Law shall:

1. maintain sufficient fuel to operate backup power sources and designate a



- location for their storage;
- 2. carry out periodic maintenance of backup power sources to ensure operability; and
- 3. ensure that backup power sources satisfy the environmental requirements issued by the competent agency.

Article 11

An electricity distribution licensee shall, according to a schedule set thereby and approved by the Authority, carry out periodic inspections of backup power sources to ensure they do not violate the provisions of this Law and shall, in accordance with the regulations, maintain a register where the locations of backup power sources and the entities responsible for maintaining are recorded.

Chapter 5: Tariff and Price

Article 12

1. The Authority shall periodically review the electricity tariff for all consumer categories in a manner that reflects the actual cost price based on the energy prices approved by the competent agency, and in accordance with the subsidy determined by the competent committee, and shall submit the same for Board approval.
2. The Board shall approve the deficit resulting from the difference between the expected income of the electricity activity, which is estimated by the Authority on a commercial basis, and the actual income acquired from the approved tariff for a specific year. The Ministry of Finance shall pay the deficit, in agreement with the Board.
3. The licensee may, in accordance with the regulations and through direct negotiation, agree with another licensee or a large consumer on service prices different from the approved tariff.
4. The Authority shall, upon determining the tariff, take the following into consideration:
 - a) Enabling the licensee to operate efficiently to fully recover his costs and achieve a reasonable return on the capital invested in the electricity activity.
 - b) Observing State policies and directives.
 - c) Providing incentives for the continuous improvement of the technical and economic efficiency and the quality of electricity service.
 - d) Providing consumers with accurate information regarding the cost impact of their consumption patterns on the activities of the licensee.
 - e) Applying non-discriminatory policies to consumer categories and consumers of the same category.
 - f) Allowing agreement on a price different from the approved tariff in



accordance with paragraph (3) of this Article.

Chapter 6: Competition

Article 13

Without prejudice to the Competition Law, the Ministry and the Authority shall create an environment conducive to investment in the electricity activity to enhance reliability and availability of the electricity supply in different regions of the Kingdom, encourage private sector investment, and ensure the consumer's right to choose from among service providers. The licensee must observe the following:

1. Register with the Authority any agreement concluded with another licensee or with consumers relating to prices, tariffs, right to use transmission or distribution networks, or right to use assets associated with the electricity activity, as specified by the regulations. If an agreement is concluded after this Law enters into force, any provision therein which conflicts with this Law, the Statute, or the regulations shall be deemed null and void. The Authority may approve such agreements in accordance with the regulations.
2. Refrain from entering into any agreement or making any arrangement that hinders or restricts competition in the electricity activity; any such agreement or arrangement shall be deemed null and void.
3. Refrain from violating regulatory requirements and instructions, including practices that restrict competition, especially if the licensee has a dominant position in the electricity activity.
4. Obtain the Authority's approval prior to any merger or acquisition of the majority of shares or assets. The Authority must be notified of any initial agreement on a merger.
5. Obtain the Authority's approval prior to the acquisition of five percent or more of the shares of another licensee, all or part of his securities, or any other form of ownership rights, or the acquisition of a lesser percentage that may create a dominant position in any electricity activity, in accordance with the regulations.

The regulations shall determine the rules for the implementation of this Article.

Chapter 7: Development of the Structure of Electricity Activities

Article 14

1. The Ministry shall, in coordination with relevant agencies, develop, review, and amend the structuring plan of the electricity sector based on the policies approved in accordance with Article 3 of this Law in order to expand and



- improve the service and to ensure the reliability and availability of electricity supplies throughout the Kingdom.
2. The Ministry and the Authority shall, each within their jurisdiction, monitor the implementation of the approved structure development plan of the electricity activities to promote fair competition, increase the participation of the private sector, curtail monopoly, and facilitate the transition to an electricity market.

Article 15

Upon transitioning to an electricity market, the Authority shall:

1. protect the rights of project developers who do not hold a dominant position, including the right to achieve a return on their investment as agreed upon with the purchasing entity and the rights arising from a business agreement with such entity or the right to be excluded from the electricity market; and
2. protect consumers against major market fluctuations and ensure the reliability of electricity supplies throughout the Kingdom.

Article 16

1. A licensee may use an electricity transmission or distribution network owned by another licensee or connect thereto for a fee without discrimination and in accordance with the Law and regulations.
2. The owner of a transmission or distribution network shall, upon the Authority's request and within the specified period, issue the network code; the Authority shall approve and periodically review the code to achieve the objectives of this Law.

Chapter 8: Violations and Penalties

Article 17

The following acts shall constitute a violation of this Law:

1. Engaging in an electricity activity without a license or exemption.
2. Failing to adhere to Authority decisions.
3. Licensee's failure to:
 - a) provide information or data requested by the Authority, in the manner prescribed by the Law and regulations;
 - b) provide licensed electricity services; and
 - c) obtain the approvals required under this Law and the regulations or under the conditions of the license or exemption.
4. Providing false or misleading information or data.
5. Tampering with the electric service meter or any of its accessories.
6. The licensee's failure to comply with approved standards of efficient fuel consumption.
7. Failing to comply with the approved specifications and standards for the protection of the environment and public health and safety.
8. Unlawfully using or connecting to the electric network or aiding others in



committing such violations.

9. Withholding necessary electricity-related information—the nature of such information shall be specified in the regulations—or disclosing classified data and information.

Article 18

1. Without prejudice to any harsher penalty provided for in any other law, any person who violates any of the provisions of this Law, the regulations, or the conditions of the license or exemption shall be subject to one or more of the following penalties:
 - a) Partial or full suspension from engaging in an electricity activity for a period not exceeding one year.
 - b) Revocation of the license.
 - c) A fine not exceeding 10 million riyals.
2. The fine for each violation shall be determined within the limits stipulated in this Law and in accordance with the rules issued by the Board, taking into account the nature and gravity of each violation and the aggravating and mitigating circumstances.
3. The committee referred to in Article 19(2) of this Law may:
 - a) impose on the violator a fine for each day the violation continues after notification of the committee's decision, provided the fine is calculated from the date specified by such decision;
 - b) double the fine imposed on the violator in case the violation is repeated; the violation shall be deemed repeated if it is committed within three years from the date of committing the previous violation;
 - c) include in the penalty decision the publication of the penalty at the expense of the violator in a local newspaper issued in the area of his residence or, if his area has no local newspaper, in the local newspaper nearest to his place of residence, or by using any other appropriate medium; such action shall depend on the type, gravity, and impact of the violation, provided the decision is published after it becomes final either upon the lapse of the statutory period or upon its affirmation by the competent court; and
 - d) include in the penalty decision an order for the violator to reimburse amounts collected as a result of the violation.

Article 19

1. If a dispute arises in the electricity sector, the parties to the dispute may request the Authority to amicably settle the dispute, as determined by the regulations, without prejudice to any other means of settlement provided for in agreements between the parties.
2. A committee, or more, formed pursuant to a Board decision for a renewable term of three years, shall review and decide on violations of this Law, the regulations, or the conditions of the license and exemption, and shall impose the penalties stipulated in this Law. The committee shall comprise five



members, including an expert in the electricity activity and two specialists in Sharia or law, one of the specialists shall be appointed as committee chairman. Committee decisions shall be passed by majority vote and shall be reasoned.

3. Work procedures of the committee referred to in paragraph (2) of this Article and remuneration of its members shall be determined pursuant to a Board decision.
4. The Board shall issue rules for detecting and recording violations of this Law, the regulations, or the conditions of the license or exemption.
5. Objections to decisions of the committee referred to in paragraph (2) of this Article shall be filed with the administrative court in accordance with applicable procedures within 60 days from the date of notification of the decision. The objection shall not entail a stay of execution.
6. Inspectors, designated by the Governor, shall jointly or separately detect, record, and investigate any violation of this Law. Said inspectors shall have the power to access the violator's books and records and obtain a copy of relevant documents.
7. The Authority may seek the assistance of competent agencies, including law enforcement agencies, to detect violations or enforce decisions issued against the violator.

Article 20

1. If a person violates or attempts to violate any of the provisions of this Law, the regulations, or the conditions license or exemption, the Authority may, in exigent circumstances and pursuant to a decision by the Governor or his designee, take one or more of the following measures against the violator:
 - a) Order him to discontinue the violation.
 - b) Order him to rectify the situation; if he defaults, the Authority may do so at his expense.
 - c) Suspend his engagement in the electricity activity, wholly or partially, for a period not exceeding six months.
 - d) Take the necessary measures to temporarily manage the electricity activity for a specified period not exceeding six months, renewable once, to ensure the activity is not interrupted, in accordance with the rules and procedures specified by the regulations.
2. The Governor's decision shall be enforced as of the date the violator is notified thereof. The Authority shall refer the violation to the committee referred to in Article 19(2) of this Law for review within 10 business days from the date the decision is issued. Said committee shall decide thereon within 20 business days from the date of referral. If the committee fails to make a decision within such period or if the person concerned does not accept the decision, he may file an objection with the administrative court in accordance with applicable procedures.

Article 21

1. A person who tampers with the electric service meter or any of its



accessories shall be held liable for all damages to the licensee's facility or to a third party, including the cost of repairing the damage and compensation for lost revenues.

2. The Board shall issue the rules for determining the cost of repair and compensation for revenues lost by the facility or third party due to the violation referred to in paragraph (1) of this Article.

Chapter 9: Concluding Provisions

Article 22

1. The Minister shall issue the Implementing Regulations of this Law relating to the Ministry's duties within 180 days from the date this Law is published in the Official Gazette. Said Regulations shall become effective from the date this Law enters into force.
2. The Board shall issue the Implementing Regulations of this Law relating to the Authority's duties within 180 days from the date this Law is published in the Official Gazette. Said Regulations shall become effective from the date this Law enters into force.

Article 23

1. This Law shall enter into force 180 days following the date of its publication in the Official Gazette.
2. This Law shall supersede the Electricity Law promulgated pursuant to Royal Decree No. (M/56), dated 20/10/1426H, and its amendments, and shall repeal any provisions conflicting therewith.