



# Dominican Republic

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## 1 Policy and law

What is the government policy and legislative framework for the electricity sector?

The generation, transmission and sale of electricity in the Dominican Republic is currently governed by the following laws:

- General Law of Electricity 125-01 of 2001 (GLE), which governs the current legal framework applicable to the electricity market;
- Regulation for Application of the GLE, as amended by Presidential Decree 749-02 of 2002 and Presidential Decree 494-07 of 2007 (GLE Regulation);
- General Law for the Reform of Public Enterprises 141-97 of 2007 (the Reform Law);
- Hydrocarbons Law 112-00 of 2000 and its regulation;
- Law 57-07 regarding Incentives for the Development of Renewable Sources of Energy and their Special Regimes of 2007 (the Renewable Energy Law or REL);
- Regulation for Application of the Renewable Energy Law (the REL Regulation) enacted by Presidential Decree 202-2008 of 2008;
- Law 186-07 of 2007, which modifies certain provisions of the GLE and the GLE Regulation;
- Decree 628-07 of 2007, which created the Empresa de Generación Hidroeléctrica Dominicana (EGEHID); and
- Decree 629-07 of 2007, which created the Empresa de Transmisión Eléctrica Dominicana (ETED).

Likewise, there are several decrees and resolutions enacted by the government and the Superintendency of Electricity applicable to the power generation business, which should be considered when dealing with particular issues of the electricity sector.

In 1997 the Reform Law was enacted, which was drafted following the Bolivian model of ‘capitalisation’ of state enterprises, and not privatisation. Based upon this law, the restructuring of the former Corporación Dominicana de Electricidad (CDE), now the Dominican Corporation of Electric Governmental Entities (CDEEE) was undertaken under the direction of a new entity called the Comisión de Reforma de la Empresa Pública (CREP). The aim was to promote the participation of the private sector in the activities of generation and distribution of electricity, thus pursuing the expansion of the sector in order to obtain greater efficiency in the service, as well as contemplating the independence of such electric activities, as it reserved at the same time for the state the hydroelectric and transmission services, as well as the exclusive regulatory function of the sector.

In the absence of a General Law of Electricity, the CREP had to design an alternative legal framework, based on the model provided in the GLE project and the regulation project that would allow the execution of the CDE’s reform and restructuring. In this sense, prior to the initiation of the bidding process contemplated in the Reform Law, the CREP resorted to the Ministry of State and Commerce (SEIC)’s

Organic Law No. 290, upon which the regulatory framework for the electric sector was designed, and created by Executive Order the Superintendency of Electricity as a dependency of the SEIC.

In 2001 the General Law of Electricity was finally promulgated after almost 10 years of discussion in the National Congress.

However, it is important to emphasise that such legal framework and governmental policy provided for the electricity sector in the Dominican Republic differs from the current practice.

## 2 Organisation of the market

What is the organisational structure for the generation, transmission, distribution and sale of power?

After the privatisation (capitalisation) under the Reform Law, the Dominican power market was divided into three main sectors: generation, transmission and distribution.

### Generation

There are two generation companies: *Empresadora Generadora de Electricidad Haina (EGE Haina)* and *Empresadora Generadora de Electricidad Itabo (EGE Itabo)*, which are owned by the private sector and the Dominican government (each with 50 per cent). Hydraulic generation, in accordance with GLE, articles 41(IV) and 131, is an activity exclusively owned and operated by the government, through the hydroelectric generation public company EGEHID, until now a division of CDEEE and recently created as an independent entity under Decree 629-07. However, the state still maintains important participation by virtue of power purchase agreements with independent power producers (IPPs), at least regarding those that are currently enforced.

### Distribution

There are three distribution companies – *Empresa Distribuidora del Sur (EDESUR)*, *Empresa Distribuidora del Norte (EDENORTE)* and *Empresa Distribuidora del Este (EDE ESTE)* – which, according to the capitalisation structure, were established under co-ownership between the private sector and the government. Notwithstanding, in 2003 this structure was affected when the government bought private participation in EDESUR and EDENORTE that had belonged to Union Fenosa.

### Transmission

As established by GLE, articles 41(IV) and 131, as previously cited, the transmission of electricity is an activity exclusively owned and operated by the government through ETED, which was until recently a division of CDEEE and has now been made an independent entity under Decree 629-07.

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**Regulation of electricity utilities – power generation**


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**3 Authorisation to construct and operate generation facilities**

What governmental or administrative authorisations are required to construct and operate generation facilities?

In accordance with the GLE, a concession is required for:

- electricity companies interested in establishing and exploiting businesses of generation of electricity; and
- self-producers and cogenerators who sell their excess through the National Interconnected Electrical System (SENI).

In this vein, any local or foreign corporation that intends to undertake the business of power generation shall request the authorisation of the corresponding authorities, the granting of the relevant concession (either provisional or definitive, as the case may be), in the understanding that for the purpose of power generation or distribution a definitive concession is mandatory. Moreover, since enactment of the REL and the REL Regulation a concession regime is also foreseen and is thus applicable to renewable energy power producers and distributors as well.

Likewise, as established by the GLE and article 67 of the GLE Regulation, a definitive concession is also required for beneficiaries of agreements for exploitation of power works executed prior to the enactment of the GLE, if the rights granted under said agreements do not contemplate the power work to be exploited, as well as for IPPs who contracted with the former CDE.

There are four types of authorisation pertaining to electricity services or works:

**Provisional concessions for non-renewable and renewable energies (GLE, articles 43 and 44; REL, article 16; REL Regulation, articles 23 to 34, 137 to 145, 167 to 175)**

Administrative resolution from the CNE that grants the power to enter into public or private land to carry out studies and prospecting related to electric works, in cases in which the electric company and the owner of the land reach an amicable agreement with the purpose of allowing the electric company (as licensee) to enter into the lands to conduct said studies or analyses. Said concession cannot be greater than 18 months when the lands belong to the government or to the municipalities.

**Definitive concessions (GLE, articles 45 to 51; GLE Regulation, articles 67 to 86)**

Authorisations from the government that grant the interested party the right to construct and exploit electric works. Definitive concessions will be granted for a period no greater than 40 years. However, a renewal may be requested in a time period no less than one year and no greater than five in advance of the expiration of the same.

**Definitive concessions for renewable energies (REL, article 16; REL Regulation, articles 35 to 66, 146 to 164, 176 to 192)**

Definitive concessions are identically envisioned for power production from renewable energy sources. Notwithstanding this, it is specifically purported that these concessions will acquire contractual status when the government approves the petitioner's proposal and authorises its execution via the CNE. Moreover, article 46 of the REL expressly provides for renewable source energies, the possibility of enjoying benefits provided by definitive concessions, once obtaining approval of the executive power and prior to the correspondent agreement execution by CNE.

**Permits (GLE, articles 58 and 59)**

The GLE also foresees the possibility to grant permits for the use and occupation of national or municipal properties for the installation of

electrical works. Permits are granted by the corresponding authority upon consultation with the Superintendency of Electricity (SIE).

Under articles 57 and 58 of the GLE and article 82 of the GLE Regulation, prior authorisation is required from the SIE (or from the granting authority, in case of permits) for the purposes of assigning to third parties concessions or permits granted to exploit electricity services or works in the Dominican Republic.

**4 Interconnection policies**

What are the policies with respect to interconnection of generation to the transmission grid?

According to the GLE and its Regulation, the transmission line owner is obliged to allow access of third parties to the system, prior payment of the correspondent electric toll.

The coordinating organism (OC), according to article 38 of the GLE and article 168 of the GLE Regulation, is the organ empowered to coordinate the operations of the central electric generators and their connection to the SENI. As such, said organism is entitled to foresee a reliable electricity supply. By the same token, it is important to highlight that article 63 of the REL Regulation enforces a preferential right for power connection to the transmission grid in cases of renewable source energies, as well as priority condition for electricity transference to the SENI.

**5 Alternative energy sources**

Does the government policy or legislation encourage power generation based on alternative energy sources such as renewable energies or combined heat and power?

The GLE contains several provisions designed to promote alternative energy sources (articles 112 and 11(III)) but not enough. In June 2007 the government enacted the Renewable Energy Law, which provides the legal framework applicable to alternative energy resources. The Law recognises the state's duty to foster renewable energy in order to ensure consolidation of the country's economic development. Under this legislation, fiscal exemptions may be granted in favour of renewable energy projects, such as wind projects, hydroelectric installations, solar installations, heat installations, etc. Furthermore, in May 2008, the REL Regulation was enacted, and thus, enables the regulatory framework and applicable norms for generation and distribution of power based on alternative energy sources. Likewise, said legal text broadly rules the fiscal incentive regime and exemptions recognised in favour of such sector. Said legislation fosters the production of power from renewable energy resources, providing a regulatory framework for power generation based on alternative resources, covering required licences and permits, generation and selling conditions, among other aspects of particular interest for developing this energy sector. With regard to combined heat and power production, the Regulation for the REL contemplates in article 90 the possibility of using combined heat and power for generation, provided that heat activity prevails in such energy production (70 per cent of the total annual production).

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**Regulation of electricity utilities – transmission**


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**6 Authorisations to construct and operate transmission networks**

What governmental or administrative authorisations are required to construct and operate transmission networks?

As stated earlier, electricity transmission is an activity owned and operated by the state, by means of the ETED, as provided under article 25 of the Reform Law as well as article 131 of the GLE. Consequently, transmission networks are exclusively the state's property

and therefore neither permissions nor authorisations are required for such transmission activity.

Hence, pursuant to article 41(III) of the GLE and article 61 of the GLE Regulation, if a generation company is installed in a geographic area that lacks facilities for interconnection with the SENI, a special concession may be granted to install such transmission lines, provided that is applicable only in such cases where ETED is not in the disposition of assuming the correspondent investments required for such instalments.

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#### 7 Eligibility to obtain transmission services

Who is eligible to obtain transmission services and what requirements must be met to obtain access?

As previously stated, the transmission line owner is obliged to allow third-party access to the system following payment of the correspondent electricity toll. All agents of the spot market, as contemplated in the GLE Regulation (generators, distributors, transmitters, self producers, co generators, non-regulated users and the CDEEE) are eligible to obtain transmission services, provided they pay the aforementioned toll.

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#### 8 Government incentives

Are there any government incentives to encourage expansion of the transmission grid?

No, as the transmission grid is state property.

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#### 9 Rates and terms for transmission services

Is there any tariff or other regulation regarding the rates and terms for the provision of transmission services?

Article 85 of the GLE and article 357 of the GLE Regulation contemplate the payment of compensation for use of the transmission system, called a transmission toll. The total amount collected from the transmission toll must cover the total long-term cost of the transmission system, plus the costs of its operation and maintenance. The SIE is the organ empowered to establish such toll, taking into consideration the right of use and connection to the transmission grid. The generation companies are responsible of collecting the tolls paid by their clients and the OC is entitled to make the monthly payments a prerequisite for connection rights between the spot market agents, according to the procedure established by the GLE Regulation.

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#### 10 Entities responsible for assuring reliability

Which entities are responsible for assuring reliability of the transmission grid and what are their powers and responsibilities?

As indicated in the GLE and GLE Regulation, transmission works must comply with quality, security and environmental conditions as set forth in said legislations. The SIE is responsible for such verification, as well as for establishing the correspondent transmission toll required for the maintenance of the transmission grid. Furthermore, by virtue of article 100 of the GLE, as amended by Law 186-07 of 2007, is entitled to establish levels of rationing of the electricity supply in cases where the national electricity system's development may be affected.

In this sense, it is also important to emphasise the role of the ETED, which, pursuant to article 3 of Decree 629-07, has as its principal objective the operation of the interconnected transmission system, and consequently may execute projects, businesses and transactions, including commercialisation, administration and development of high-voltage transmission operations.

Please also see the role of the OC described in question 4.

However, these entities are not fully pursuing their legally established responsibilities and consequently the transmission grid lacks reliability. In this sense, generators and other electric sector agents understand that the transmission system needs important improvement, particularly regarding its capacity levels.

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### Regulation of electricity utilities – distribution

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#### 11 Authorisation to construct and operate distribution networks

What governmental or administrative authorisations are required to construct and operate distribution networks?

Electric companies, in order to establish and exploit an electricity distribution business, must first obtain the relevant definitive concession for such activity, given by the government in coordination with the National Commission of Energy (CNE) (see question 3).

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#### 12 Access to the distribution grid

Who is eligible to obtain access to the distribution grid and what requirements must be met to obtain access?

The electricity distribution public service, as defined in the GLE and the GLE Regulation, constitutes the energy supply provided by a distribution company in regulated prices, to customers or electric public service users that are located in their exclusive distribution concession zone, or to those users connected to the system of said company through self-owned or third-party electricity lines.

All agents of the spot market, as contemplated in the GLE Regulation (generators, distributors, transmitters, self producers, cogenerators, non-regulated users and the CDEEE) are eligible to obtain distribution services, on payment of the relevant toll.

Article 93 of the GLE provides that distributors are obliged to permit access to their distribution lines to any other electricity agent for the sale of energy to non-regulated users located in such concession zone, following payment of tolls for these lines' usage. In connection with this matter, it is important to emphasise that, pursuant to article 63 of the REL Regulation, definitive concessions for renewable energies have a preferred and priority right for grid connection and energy transference to the electric net system.

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#### 13 Rates and terms for distribution services

Is there any tariff or other regulation regarding the rates or terms for the provision of distribution services?

According to the regulatory policy on this matter, the SIE is in charge of establishing regulated energy prices by means of periodic resolutions.

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### Regulation of electricity utilities – sales of power

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#### 14 Approval to sell power

What governmental or administrative authorisations are required for the sale of power to customers and which authorities grant such approvals?

As set out above, electric generation and distribution companies must obtain a definitive concession, granted by the government in coordination with the National Commission of Energy (CNE). The contractual authorisation of said concession, given by the CNE, establishes the limits of the concession zone in cases of public service distribution, provided that the distribution company is only able to sell power to those regulated customers that fall within their concession zone.

Notwithstanding the above, the Regulation for the REL lists the obligation on power producers from renewable sources to execute power purchase agreements (PPAs) with the CDEE. Said PPAs

would include provisions as to the power purchase price and its payment conditions.

#### 15 Power sales tariffs

Is there any tariff or other regulation regarding power sales?

As indicated in the GLE, articles 107 to 109, power sale prices are free, except for regulated users. Additionally, article 110 provides that in cases of sales in long-term contracts from generators to distributors, prices will be as resulting from competitive procedures of public bidding.

As set out above, according to article 110, the electricity sale agreements cannot exceed 80 per cent of the SENT's demand, in order to guarantee that the spot market represents 20 per cent of the total national demand of the electricity system.

In practice however, these percentages have not been applied and the distributors have not conducted the aforementioned public bidding procedures.

In general, prices depend on the power purchase agreements (PPAs), which were mainly subscribed to prior to the reform of the electricity sector, and currently given for renewable energy as earlier explained. However, it is necessary to take into account that the increase in the cost of fossil fuels is currently a determining factor in fixing power prices. Moreover, pursuant to article 108, paragraph II, non-regulated users must pay a contribution for technical system services equivalent to 10 per cent of the purchase and power price. However, these procedures still lacks for specific regulation for its implementation.

#### 16 Public service obligations

To what extent are electricity utilities that sell power subject to public service obligations?

As indicated above, according to the GLE and GLE Regulation, distribution is a public service. Therefore, distribution companies are obliged to provide power supply to regulated users located in their concession zone. Accordingly to such obligation of providing public service, the SIE will regulate such energy distribution and tariffs, in order to guarantee the supply conditions.

In this vein, please also note that generators are not subject to any public service obligations for power selling.

### Regulatory authorities

#### 17 Policy setting

Which governmental or administrative authorities determine regulatory policy with respect to the electricity sector?

#### National Energy Commission (CNE)

The CNE is entrusted with the design of the sector's policies, as well as the supervision of the global operation of the electric sector, as established in articles 12 to 23 of the GLE and 14 to 30 of the GLE Regulation. Generally speaking, this entity is primordially in charge of preparing and coordinating legal projects and surveying its compliance; advising the government on all electricity related issues including: studies, exploration, construction, exportation, production, transmission, storage, distribution, imports, marketing and other aspects of the electric market. The National Energy Commission is also entrusted with the managing of applications for concessions on generation, transmission and distribution operations.

#### Superintendency of Electricity

The SIE acts as the regulatory body for the electricity sector, as established in GLE, articles 24 to 37 and GLE Regulation, articles 31 to 36. In general matters, this entity is in charge of:

- preparing and enforcing all electricity-related provisions;
- analysing electricity price levels and fixing (by means of 'resolutions') fares and tolls, subject to control as to their alteration or indexation; and
- surveying compliance with electric market provisions regarding generation, transmission, distribution and marketing under competitive and fair market conditions.

Said entity is also competent before any disputes arising between the electricity entities (concessionaires, proprietors and operators) regarding interconnection and right-of-way issues. It also grants licences for the provision of electricity services on a local level; penalises infringements of technical obligations; enforces all provisions pertaining to public safety; and oversees enforcement of the rights of electricity concessionaires and users.

#### 18 Scope of authority

What is the scope of each regulator's authority?

See question 17.

#### 19 Establishment of regulators

How is each regulator established and to what extent is it considered to be independent of the regulated business and of elected officials?

According to GLE, article 16, the CNE will be presided over by the minister of industry and commerce, and is composed of the technical minister of the presidency, the minister of finance, the minister of agriculture, the minister of the environment and natural resources, the governor of the Central Bank and the director of the Dominican Institute of Telecommunications. Article 18 also provides for the existence of an executive director designated by the government, who, according to article 19, will be the delegate of CNE and will have its legal, judicial and extra-judicial representation.

As stated in GLE, article 31, the SIE will be administered by a board of one president and two members, designated by the government and ratified by the National Congress. Whoever is appointed president of the board holds the position of superintendent.

From the beginning of the electricity sector's reform, the weakness of the SIE and its lack of independence has been apparent. At present, the decision-making process in this sector is influenced by political interests and is not necessarily always rational or in compliance with the current legal framework.

#### 20 Challenge and appeal of decisions

To what extent can decisions of the regulator be challenged or appealed, and to whom? What are the grounds and procedures for appeal?

The GLE foresees in article 127 that fines and sanctions imposed by the SIE may be challenged before the Contentious, Tributary and Administrative Court (previously known as the Contentious-Administrative Court) by the filing of an administrative appeal. Article 512 of the GLE Regulation also contemplates for such cases the possibility of filing a hierarchical appeal before the CNE prior to the administrative appeal. This article has been strongly criticised, since it ranks the CNE above the SIE, a hierarchy that is provided neither by the law nor by practice. In addition, article 19 of the GLE Regulation, as recently amended, grants the CNE the right to review appeals of SIE decisions. Accordingly, for the renewable energy legal regime, such hierarchical appeal before the CNE is also contemplated according to article 49 of the REL Regulation, for decisions rendered by the SIE when ruling on definitive concessions, after a 10-day period following the filing of a reconsideration remedy before the SIE. By the same token, such legislation, pursuant to article 50, covers the possibility of filing administrative appeals

before the Contentious, Tributary and Administrative Court against decisions of the CNE when ruling in regards to provisional or definitive concession requests.

In addition, GLE, article 119 indicates contemplates special electrical studies of a mandatory nature and must be effected every four years, to determine tariffs' structure and levels. In cases of controversies among the companies and the SIE in regards to such studies, the aforementioned article grants competence to an arbitration tribunal, comprising three members (one selected by the party, other selected by SIE and the third one by mutual consent). Such arbitration procedure is also purported to solve conflicts arising with land owners when discussing easement rights in the provisional concession process, as ruled by article 75 of the GLE.

It is important to stress that the administrative appeal does not immediately suspend the appealed resolution, unless such suspension is requested and approved by said court.

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### Acquisition and merger control – competition

#### 21 Responsible bodies

Which government bodies have the authority to approve or disapprove mergers or other changes in control over businesses in the sector or acquisition of utility assets?

Article 57 of the GLE sets forth the requirement of prior authorisation from the SIE for the purposes of assigning distribution or generation concessions, or part of the same. Article 82 of the GLE Regulation indicates that:

*...without prior approval from the SIE, concessions for generation or distribution, or part of the same, may not be assigned, whether by conveyance, lease, transference between associated persons, transformation, absorption or merger of corporate entities or well through any other act by which domain or right of exploitation is assigned.*

Renewable energy concessions, however, are submitted, pursuant to articles 16 of the REL and article 186 of the REL Regulation to prior approval by the CNE in cases of sale, transference or conveyance of definitive concessions, as well as in cases of share transferences entailing transmission of a concessionaire's corporate control, provided that in any case, such concession project is verified as operating prior to said assignment.

#### 22 Review of transfers of control

What criteria and procedures apply with respect to the review of mergers, acquisitions and other transfers of control? How long does it typically take to obtain a decision approving or disapproving the transaction?

The GLE Regulation submits the concession assignment to the definitive concession procedure, in regards to the documentation requested for such. Additionally, it establishes a term of 30 working days from the filing of the referred request for the SIE to issue a decision regarding the same. Nevertheless, in practice, authorities do not comply with this legal term and it is typically extended. A term of 30 days from the filing of the assignment request is also purported for the CNE's decision in cases of renewable source energy, as contemplated in the abovementioned article 186 of the REL regulation.

#### 23 Prevention and prosecution of anti-competitive practices

Which governmental or administrative authorities have the power to prevent or prosecute anti-competitive or manipulative practices in the electricity sector?

The current electricity legislation entitles both CNE and SIE to supervise and ensure the absence of anti-competitive practices in the sector.

It is also noteworthy that the GLE, as amended by Law 186-07, establishes in article 126-1 as a very grave fault the dominant position abuse, antitrust practices as well as anti-competitive practices in the electricity area. The procedure for cases of such violations is still awaiting regulation.

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#### 24 Determination of anti-competitive conduct

What substantive standards are applied to determine whether conduct is anti-competitive or manipulative?

The GLE Regulation provides certain standards that must be taken into consideration by the regulatory bodies in order to prevent anti-competitive or manipulative practices. In this sense, it establishes that the CNE along with the SIE will take the necessary measures in order to avoid cross-ownerships between generation, transmission and distribution companies that may produce anti-competitive effects in the electric market. In this regard, article 11 of the GLE Regulation indicates the specific criteria that the SIE will take into consideration to verify the cross-ownership. On the other hand, article 12 establishes criteria that the CNE will evaluate prior to the granting of definitive concessions, in order to avoid cross-ownership that may affect the electricity market.

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#### 25 Preclusion and remedy of anti-competitive practices

What authority does the governmental body (or bodies) have to preclude or remedy anti-competitive or manipulative practices?

See question 23.

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### International

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#### 26 Acquisitions by foreign companies

Are there any special requirements or limitations on acquisitions of interests in the electricity sector by foreign companies?

There are no special requirements or limitations on acquisitions of interests in the electricity sector by foreign companies established by current law or practice. Article 10 of the GLE explicitly prohibits discrimination in the electricity sector on the basis of a company's foreign origin.

Accordingly, the Foreign Investment Law No. 16-95 expressly contemplates exceptional cases where foreign investment may be restricted but does not include any limitation applicable to the electricity area.

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#### 27 Cross-border electricity supply

What rules apply to cross-border electricity supply, especially interconnection issues?

Cross-border electricity supply is not currently regulated under Dominican legislation. However, the current Dominican government recently announced the possibility of starting negotiations to establish a cross-border transmission grid for a local power supply from Colombia, as said power supply is neither regulated by law nor by current local practice.

**Update and trends**

As previously stated, the recent enactment of the REL Regulation by Presidential Decree No. 202-08 constitutes the most relevant innovation in the electricity market and legal framework in the Dominican Republic, as it provided the legal structure for developing power generation, transmission and distribution in the renewable energy sector. One of the most important provisions contained in the legislation was the regulation

of the fiscal incentives and tax exemption regime foreseen for investment projects in this sector. However, said legal text has been strongly criticised since establishing, as previously explained, PPAs with CDEEE for power selling. Such legal enforcement has been considered by some as a liability and as increasing costs, thus, diminishing and lessening the attraction to local investment in said projects.

**Transactions between affiliates****28 Restrictions**

What restrictions, if any, exist on transactions between electricity utilities and their affiliates?

There is no express prohibition of transactions between electricity utilities and their affiliates, except for cross-ownership restrictions, which prevent electricity companies from having direct or indirect ownership or management control over companies performing electricity-related activities (generation, distribution and transmission). Article 11 of the GLE Regulation provides the criteria to determine the affiliation between electricity utilities. It should be noted that agreements subscribed to by virtue of the capitalisation process regarding capitalised companies established restrictions on transactions between these electricity utilities and their affiliates.

As an exception, the three distribution companies resulting from the process of capitalisation may have direct or indirect ownership or management control over generation installations, provided that the capacity of said installations does not exceed 15 per cent of the maximum demand of the SENI.

**29 Enforcement and sanctions**

Who enforces the restrictions on utilities dealing with affiliates and what are the sanctions for non-compliance?

The SIE is the competent body for cases of cross-ownership violations. As such, it is entitled to impose a fine on a company infringing these cross-ownership restrictions of up to 5 per cent of its assets. As stated in question 23, the procedures for cases of violations regarding dominant position abuse, antitrust practices as well as anti-competitive practices are still awaiting regulation.

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