

SCHEDULE 3

FORM ECSRC - MC

***NOTIFICATION OF MATERIAL CHANGE
PURSUANT TO SECTION 98 (3) OF THE SECURITIES ACT,
CHAPTER 299A***

Date of Report August 22, 2016

Grenada Electricity Services Limited

(Exact name of reporting issuer as specified in its charter)

Territory and date of Incorporation Grenada

Issuer Registration Number: GRENLEC27091960GR

P.O. Box 381, Dusty Highway, Grand Anse, St. George's, Grenada

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): **(473) 440-3391**

Fax number: **(473) 440- 4106**

Email address: **mail@grenlec.com**

On July 15, 2016, a new Electricity Supply Act, 2016 (ESA 2016), and the accompanying Public Utilities Regulatory Commission Bill 2016 (collectively, the Bills), were gazetted by the Government of Grenada and a date of them coming in to force was to be set by the Minister by notice in the gazette. On July 29, 2016 the Minister set the date of commencement of the ESA 2016 and PURC 2016 as August 1, 2016. Section 71 of the new ESA repeals Grenada's Electricity Supply Act, 1994 (ESA 1994) under which Grenada Electricity Services Ltd. (Grenlec) had been operating since 1994.

The ESA 2016 makes extensive changes to the regulatory framework and requirements that previously applied in Grenada under the ESA 1994. Whilst the specific nature and impact that will result from these changes remain to be established, the following new requirements can be identified at present:

- The ESA 2016 allows and seeks competition in generation, and allows for the possible future introduction of competition in network operations (i.e., Grenlec no longer holds an exclusive legal right to undertake electricity sector operations in Grenada).
- In lieu of the unitary licence previously issued under the ESA 1994 (which provided omnibus authority for Grenlec to generate, transmit, distribute and sell electricity on an integrated basis),

- all participants in Grenada's electricity sector must henceforth obtain separate (i) generation licenses to cover the generation and sale of electricity to network licensees, and (ii) network licenses to cover to the transmission, distribution and sale of electricity by network licensees.
- Henceforth, no licence term can extend for more than 25 years (whereas the Grenlec licence issued under the ESA 1994 did not expire until 2073).
- The amount of customer deposits that Grenlec (as a network licensee) can hold has been reduced from two months' estimated usage to one month's estimated usage.
- Grenlec (as a network licensee) must maintain system voltage in a range from plus three percent to minus three percent of the nominal circuit voltage at each customer's meter. (Whilst a detailed study will be required to understand what changes would be necessary to achieve this, additional capital outlay will be required for upgrading network lines and transformers in order to meet this requirement.)
- All licensees must pay up to 2% of their respective gross profit to finance the operations of the Public Utilities Regulatory Commission.
- Minister shall appoint all commissioners and in his discretion determine whether there should be three or five commissioners.
- Any decision by the Minister to terminate the appointment of any Commissioner shall not be questioned by any court of Law.

The passage of the ESA 2016 could potentially result in additional material changes, including without limitation the following:

1. The manner in which a licensee's rates are calculated could be altered.
2. Licensees could (by order of the relevant Minister) be required to contribute a certain percentage of their respective gross revenue into a newly-established Universal Service Fund.

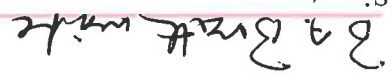
Grenlec's management is continuing its review to determine the legal, operational and financial implications that the ESA 2016 might have for the Company.

SIGNATURES

Name of Corporate Secretary

Benedict Brathwaite

Signature



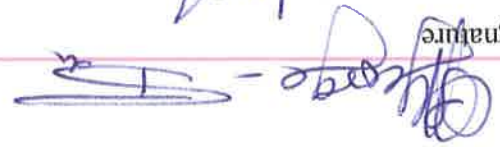
Date

22.8.16

Name of Director:

Linda George-Francis

Signature



Date

22/08/16