

SULTANATE OF OMAN



هيئة تنظيم الكهرباء - عمان
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

ELECTRICITY TRANSMISSION AND DISPATCH LICENCE

GRANTED TO

Oman Electricity Transmission Company S.A.O.C

GRANTED ON: 1ST MAY 2005

Last modified on: 1st January 2019

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PART I TERMS OF THE LICENCE

1. Grant of Licence

The Authority for Electricity Regulation, Oman (hereinafter referred to as "the Authority"), in exercise of the powers conferred by Article (2) of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (hereinafter referred to as the "Sector Law") promulgated by Royal Decree 78/2004, hereby grants to the **Oman Electricity Transmission Company S.A.O.C.** (hereinafter referred to as the "Licensee") a licence (hereinafter referred to as the "Licence") to undertake the activities referred to at paragraph 4 below (hereinafter referred to as the "Licensed Activities").

2. Conditions of Licence

This Licence is granted on the conditions set out in Parts II, III and IV (hereinafter referred to as the "Conditions"), for the period referred to in paragraph 3 below and for the purposes of enabling the Licensee to undertake the Licensed Activities.

This Licence is subject to:

- (a) modification in accordance with Article (109) of the Sector Law and in accordance with its terms; and
- (b) revocation in accordance with Condition 21.

3. Licence Term

This Licence shall come into force on **1st May 2005** and, unless terminated in accordance with the provisions of Condition 21, shall continue in full force and effect until determined by not less than **10 years'** notice in writing given by the Authority to the Licensee, such notice not to be served earlier than the **25th** anniversary of **1st May 2005**.

4. Licensed Activities

This Licence authorises the Licensee:

- (a) to Transmit electricity and to finance, develop, own and/or operate and maintain its Transmission System in order to do so;
- (b) to develop and operate a system of central Dispatch of relevant Production Facilities which are Connected to its Transmission System or to a System which is Connected to its Transmission System;

- (c) to the extent permitted by the Sector Law and this Licence, to design, own, operate and maintain International Interconnections;
- (d) to acquire certain assets of the Rural Areas Electricity Company SAOC in accordance with Article (88) of the Sector Law and this Licence; and
- (e) to carry out any other function assigned to it by the Sector Law.

5. Governing language

The governing language of this Licence shall be the English language.

6. Definitions

The following words and expressions, when used in this Licence, shall have the following meanings:

"Affiliate" in relation to the Licensee means any Person which Controls (directly or indirectly) the Licensee and any other Person Controlled (directly or indirectly) by such first mentioned Person, including where the Licensee is a company, the ultimate holding company of the Licensee and any holding company of the Licensee and any subsidiary of such holding company;

"Ancillary Services" means services which (1) Licensed Generators, Licensed Generators/Desalinators or other Persons connected to a Transmission System or Distribution System may be required to provide from time to time in connection with the security and stability of such Transmission System or the Total System; and (2) are provided for in either (i) an agreement between a Licensed Transmission System Operator or a Licensed Distribution System Operator and any Person or (ii) an agreement between a Licensed Generator or a Licensed Generator/Desalinator and the PWP;

"Authorised Area" means the geographical area determined in this Licence within which the Licensee is authorised to undertake the Licensee Activities pursuant to the Sector Law;

"Bulk Supply" means the bulk supply of electricity to any Licensed Supplier, or desalinated water to the Water Department, or

	the bulk supply of demineralised water to any other Persons;
"Bulk Supply Agreement"	means an agreement for (1) the Bulk Supply of electricity made between the PWP and a Licensed Supplier or an Exemption Holder; or (2) the Bulk Supply of Desalinated water made between the PWP and the Public Authority for Electricity and Water;
"Company"	has the meaning given to it in the Commercial Companies Law, No. 4/74, as amended and Companies shall be construed accordingly;
"Competent Authority"	means any unit of the State Administrative Apparatus, and what is considered as such, and the branches and divisions related thereto, which have been assigned with any jurisdiction pursuant to the Sector Law;
	"Condition" has the meaning given to it in paragraph 2 of Part I;
"Connected"	means, in relation to any Premises or System, that there is a physical connection between those Premises or that System and a Transmission System or a Distribution System other than a Distribution System or a Transmission System owned or operated by the Rural Areas Electricity Company SAOC and Connect and Connection shall be construed accordingly;
"Connection Agreements"	means an agreement between any Person and a Licensed Transmission System Operator and/or a Licensed Distribution System Operator for the Connection of that Person's System or Premises;
"Controls"	means, in respect of a Person by another, that that other (whether alone or with others and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise): (i) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing

- body of that Person or of any other Person which controls that Person; or
- (ii) controls or has the power to control the affairs and policies of that Person or of any other Person which controls that Person; or
 - (iii) is the parent undertaking of that Person or is the parent undertaking of any other Person which controls that Person; or
 - (iv) possesses or is, or will be at a future date, entitled to acquire:
 - (A) twenty per cent (20%) or more of the share capital or issued share capital of, or of the voting power in, that Person or any other Person which controls that Person; or
 - (B) such part of the issued share capital of that Person or any other Person which controls that Person as would, if the whole of the income of such Person were in fact distributed, entitle him to receive twenty per cent (20%) or more of the amount so distributed; or
 - (C) such rights as would, in the event of the winding-up of that Person or any other Person which controls that Person or in any other circumstances, entitle him to receive twenty per cent (20%) or more of the assets of such Person which would then be available for distribution,

and, for those purposes, there shall be attributed to any Person the rights or powers of any nominee or associate of his and the rights and powers of any one or more Persons which he, or he and any nominee or associate of his, controls and "**Control**" and "**Controlled**" shall be construed accordingly;

“Cost-Reflective Tariff”

means amounts charged by the Licensed Transmission System Operator and the Licensed Distribution System Operator in consideration for Connection and use of their Systems, and amounts charged by a Licensed



	Supplier in consideration for Supply where, all being in cases, no Permitted Tariff exists, and such tariff shall be calculated in respect of each calendar year on the basis and rules prescribed by the Authority;
"Customer"	means a Person who is Supplied with electricity at Premises for consumption at those Premises;
"Desalination"	means the production of demineralised and/ or potable water by desalination and "Desalinate" and "Desalinated" shall be construed accordingly;
"Dispatch"	means the general process by which instructions are determined and the issuing of those instructions to (1) Licensed Generators and/or Licensed Generators/Desalinators as to the operation or cessation of operation of their Production Facilities; and (2) other Persons whose facilities are Connected;
"Dispatch Business"	means the authorised business of the Licensee as issuer of Dispatch instructions;
"Distribution"	means, in relation to electricity, the transport of electricity by means of a Distribution System and Distribute shall be construed accordingly;
"Distribution Business"	means the licensed business of the Licensee as owner and/or operator of a Distribution System;
"Distribution Code"	means the code which each Licensed Distribution System Operator shall be required to prepare and maintain pursuant to the terms of its Distribution Licence, which code shall be subject to the approval of the Authority, shall prescribe standard technical rules to be observed for the Connection to use and operation of that Licensed Distribution System Operator's System, and rules for the maintenance and development of that System;
"Distribution Licence"	means a Licence to Distribute electricity;
"Distribution System"	means electrical lines and apparatus of less than 132kV used for the transport of

<p>"Economic Purchase"</p>	<p>electricity to Premises and that are not part of a Transmission System that are not part of it;</p> <p>means the purchase on the best economic terms reasonably obtainable, having regard to quality, quantity, the nature of the things to be purchased, the available manner of delivery and the future security, reliability and diversity of supply of the things to be purchased;</p>
<p>"Electricity Holding Company SAOC"</p>	<p>means the Company of that name referred to in Article (63) of the Sector Law;</p>
<p>"Electric Line"</p>	<p>means any line, whether underground or over ground, which is used to transport or Distribute electricity for any purpose and includes, unless the context otherwise requires:</p> <ul style="list-style-type: none"> (a) Any support for any such line, including any structure, pole, pylon or other thing in, on, by or from which any such line is supported, carried or suspended; (b) Any apparatus connected to any such line for the purpose of carrying or Distributing electricity; (c) Any wire, cable, tube, pipe or other similar thing (including its casing, insulator or coating) which surrounds or supports any such line, or is surrounded or supported by, carried or suspended, in association with, any such line.
<p>"Exemption"</p>	<p>means an exemption granted pursuant to Article (5) of the Sector Law for the purposes of exempting a Person from the requirement to hold a licence in relation to a Regulated Activity or from the requirement to comply with a particular condition or conditions of a licence and "Exempt", "Exempted" and "Exemption Holder" shall be construed accordingly;</p>
<p>"Exported"</p>	<p>means, in relation to electricity, electricity which is Generated in the Sultanate of Oman and which is transported from the Sultanate of Oman and "Export" and "Exporting" shall be construed accordingly;</p>

"Generation"	means the production of electricity by any means and "Generate" and "Generated" shall be construed accordingly;
"Generation and Desalination Licence"	means an authorization to undertake the activity of electricity Generation combined or co-located with the Desalination of water at the same location;
"Generation Licence"	means a Licence to Generate electricity and to operate Production Facilities;
"Generation Unit"	means any plant or apparatus for the Generation of electricity including a facility comprising one or more generation units;
"Generator"	means a Person authorised by a licence or an Exemption issued pursuant to the Sector Law to Generate electricity;
"Generator/Desalinator"	means a Person authorised by a licence or an Exemption issued pursuant to the Sector Law to Generate electricity and to Desalinate water;
"Government"	means the Government of the Sultanate of Oman;
"Grid Code"	means the code which the Licensee is required to implement, maintain, comply with, publish and at all times have in force pursuant to the terms of Condition 3 of this Licence, which code shall be subject to the approval of the Authority, may be revised from time to time with the approval of the Authority and shall prescribe standard rules to be adhered to for the Connection to, use and operation of the Licensee's Transmission System and for the Dispatch of Production Facilities Connected to that System, and rules for the maintenance and development of the same and certain associated matters in relation to the Total System;
"Grid Code Review Panel"	means a panel to be established in accordance with the Grid Code, which panel shall (1) include representatives of Licence Holders and other Persons who are a party to the

	Grid Code and (2) have the functions assigned to it in the Grid Code, including those referred to in Condition 3;
"Imported"	means, in relation to electricity, electricity which is Generated outside the Sultanate of Oman and which is transmitted or otherwise transported into the Sultanate of Oman and "Import" and "Importing" shall be construed accordingly;
"Interconnected"	means, in relation to the Total System, directly Connected via an International Interconnection or indirectly Connected via an International Interconnection to the Connected electrical systems in one or more other countries;
"Interconnector"	means facilities that Connect two Systems;
"International Interconnection"	means an Interconnector which Connects a System which exists within the Sultanate of Oman with a System, which exists outside the Sultanate of Oman and International Interconnection , shall be construed accordingly;
"Licence"	means a written authorisation to undertake a Regulated Activity issued by the Authority pursuant to the Sector Law and shall, unless the context otherwise requires, include this Licence;
"Licensed Distribution System Operator"	means a Person who is the holder of a Distribution Licence;
"Licensed Generator"	means a Person who is the holder of a Generation Licence;
"Licensed Generator/Desalinator"	means a Person who is the holder of a Generation and Desalination Licence;
"Licence Holder" or "licensee"	means any Person who is the holder of a licence and shall, where the context permits, include the Licensee;
"Licensed Supplier"	means a Person who is the holder of a Supply Licence;

"Licensed Transmission System Operator"	means the Licensee and each other Person who is the holder a Transmission Licence;
"Licensee"	has the meaning given in paragraph 1 of Part I;
"Merit Order"	an order for ranking available Production Facilities aiming at the achievement of optimal economy, security, and stability for the Total System and Desalinated water capacity determined by each Licensed Transmission System Operator in accordance with the Transmission Licence issued to them;
"Metering & Data Exchange Code"	means the code of that name, forming part of the Grid Code, as the same may be revised from time to time with the approval of the Authority;
"Ministry of Finance"	means the Ministry of Finance of the Government;
"New Capacity"	means Production Capacity, which either does not exist at the relevant time or, if it does exist, is not, or will not at the relevant time, be the subject of a contract between the owner of such Production Capacity and the PWP;
"Oman Electrical Standards"	means the standards issued by the Ministry of Housing, Electricity and Water and the standards approved, reviewed and modified from time to time by electricity regulations made in accordance with Article (38) and Article (39) of this Law, in relation to the safety of equipment and electrical Systems and procedures associated with the operation of electrical Systems;
"Oman Power and Water Procurement Company SAOC" or "PWP"	means the Company of that name referred to in Article (66) of the Sector Law, having the functions assigned to it under the Sector Law;
"Omani Content"	means Omani products, suppliers and contractors;

"Omanisation"	means the Government's policy for the employment and training of Omani nationals;
"Permitted Tariff"	means the tariff a Customer is obliged to pay in consideration for Supply of electricity or for Connection to a Distribution System or a Transmission System, which tariff shall be determined in the manner stipulated in Article (9) of this Law;
"Person"	means any natural person or public or private legal person or corporations or societies or organisations;
"Power Purchase Agreement"	means a power purchase agreement between the PWP and a Generator;
"Power and Water Purchase Agreement"	means a power and water purchase agreement between the PWP and a Generator/Desalinator;
"Premises"	means any land, building or structure occupied or used by a Person;
"Production Capacity"	means either the electricity Generation capacity of a Production Facility or the combined or co-located electricity Generation capacity and the water Desalination capacity of a Production Facility, as the context so requires;
"Production Facility"	installations used for the Generation of electricity or the Generation of electricity combined with the Desalination of water or the Generation of electricity co-located with the Desalination of water in the same site or the Desalination of Water from a Desalination Facility of a Special Nature, including all associated Electric and water lines connected to such installations.;
"Public Authority for Electricity and Water"	means the Authority established pursuant to Royal Decree No. 92/2007;
"Regulatory Accounting Guidelines"	means guidelines issued by the Authority from time to time in connection with the preparation of regulatory accounts;
"Regulated Activity"	means each of the activities listed in Article (3) of the Sector Law;

"Related Water"	means Desalinated water in the Sultanate of Oman which is combined or co-located with the electricity sector and which is regulated by the Sector Law;
"Rural Areas Electricity Company SAOC"	means the Company of that name referred to in Article (66) of the Sector Law;
"Sector Law"	has the meaning given to it in paragraph 1 of Part I;
"Separate Business"	means each of the separate businesses of the Licensee identified as such from time to time by notice of the Authority;
"Supply"	means the supply of electricity to any Premises;
"Supply Business"	means the licensed business of the Licensee as Supplier of electricity to any Premises;
"Supply Licence"	means a Licence to Supply electricity;
"System"	means a Distribution System or a Transmission System, as the context requires;
"The Authority"	means the Authority for Electricity Regulation, Oman, being the Authority established pursuant to Article (19) of the Sector Law;
"Total System"	means the entire interconnected electricity Systems of Licensees in the Sultanate of Oman, including all Production Facilities and all Distribution Systems and Transmission Systems, as the same may be developed or modified from time to time and includes any such System which interconnects with any System which is outside the Sultanate of Oman;
"Transfer Scheme"	means the scheme which is to be determined, implemented and modified, as appropriate, by the Ministry of National Economy in accordance with the provisions of the Sector Law;
"Transmission"	means the transport of electricity by means of a Transmission System;

"Transmission Business"	means the licensed business of the Licensee as owner and/or operator of the Transmission System;
"Transmission Security Standard"	means the standard or standards to which the Transmission System will be developed, operated and maintained in accordance with Condition 27;
"Transmission System"	means lines and electrical installations, with voltage equal to or greater than 132kV used for transporting electricity from a Production Facility to sub-stations, or from Production Facilities to other Production Facilities, or from sub-stations to other sub-stations, or to or from any Interconnector, Premises, or Distribution System and any Electric Plant used for the purposes of Dispatch;
"Water Department"	means, any major division or sub-division responsible for Related Water including the Public Authority for Electricity and Water or other Competent Authority;
"Water Equipment"	means any installations, water mains, and other water installations forming part of a Production Facility; and
"Wholly-owned by the Government"	means in relation to any company, that all of the issued shares in that company are owned by the Ministry of Finance or the Electricity Holding Company or by other nominees of the Government or by any entity Wholly-owned by the Government.

7. Interpretation and Construction

For the purpose of this Licence:

- (a) where any obligation of the Licensee is required to be performed within a specified time limit that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit;
- (b) in construing a Condition, the heading or title of any Condition or paragraph shall be disregarded; and



- (c) any reference to a numbered Condition is a reference to the Condition bearing that number or prefix in this Licence and any reference to a paragraph is to the paragraph bearing that number or prefix in the Condition in which the reference occurs.

PART II: GENERAL CONDITIONS OF THE LICENCE

Condition 1: General

The Conditions set out in this Part II shall apply to the Licensed Activities listed in paragraph 4 of Part I.

Condition 2: Prohibited activities and cross-ownership

1. The Licensee shall not and shall procure that any Affiliate of the Licensee shall not on its own account (or that of the Licensee or of any Affiliate of the Licensee, as the case may be):
 - (a) engage in the Generation of electricity; or
 - (b) purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties; or
 - (c) engage in the Distribution or Supply of electricity to any Premises; or
 - (d) without the prior written consent of the Authority, hold any economic interest, whether direct or indirect, in any other Person who undertakes a Regulated Activity,

in each case in the Sultanate of Oman and, unless the Authority gives its prior consent thereto, in any other country which has an electrical system which is Interconnected with the Total System provided that, neither the Government nor any entity which is Wholly-owned by the Government shall be treated as an Affiliate of the Licensee for the purposes of this Condition 2.

2. The Licensee shall not, without the prior written consent of the Authority, carry on any activities other than the Licensed Activities or those other activities necessarily ancillary thereto.
3. The Licensee shall, in carrying out the Licensed Activities, comply at all times with the Sector Law.

Condition 3: Implementation of and compliance with Grid Code

1. The Licensee shall, in consultation with any Licence Holders liable to be materially affected thereby and such other Licence Holders and third parties (including Exemption Holders) as the Authority shall consider appropriate, implement, maintain, comply with, publish, and at all times have in force, in such manner as may be required by the Authority, a Grid Code.
2. The Grid Code shall:
 - (a) cover all material technical aspects relating to Connections to and the operation, planning, maintenance and use of the Licensee's Transmission System or (insofar as the same is relevant to the operation and use of the Licensee's Transmission System) the operation of Electric Lines and Electrical Plant Connected to the Licensee's Transmission System and (without prejudice to the foregoing) make express provision as to the matters referred to in paragraph 9 below;
 - (b) be designed so as:
 - (i) to permit the development, maintenance and operation of safe, secure, efficient, co-ordinated and economical systems for the Generation, Transmission and Distribution of electricity and the Desalination of water at Connected Production Facilities;
 - (ii) subject to paragraph (i), to promote the security and efficiency of the Total System; and
 - (iii) to facilitate competition in the Generation of electricity and the combined or co-located Generation of electricity and Desalination of water at Connected Production Facilities; and
 - (c) do such other things as the Authority may require from time to time.
3. The Grid Code implemented pursuant to paragraph 1 shall require to be approved by the Authority.
4. The Licensee shall, in consultation with Licence Holders liable to be materially affected thereby and such other Licence Holders and third parties (including Exemption Holders) as the Authority shall consider appropriate, keep under review (including at the request of the Authority) the Grid Code as implemented by the Licensee pursuant to paragraph 1. The Licensee shall send to the Authority:

- (a) details of any proposed modifications to the Grid Code from time to time as the Licensee (having regard to the outcome of such review) reasonably thinks necessary or appropriate for the achievement of the objectives referred to at paragraph 2 above; and
 - (b) any written representations or objections from any consultees arising during the consultation process, including any modifications to the Grid Code proposed by consultees and not accepted by the Licensee, and which have not been withdrawn.
5. Revisions to the Grid Code proposed by the Licensee and sent to the Authority pursuant to paragraph 4 shall require to be approved by the Authority before becoming effective.
6. Having regard to any written representations or objections referred to in paragraph 4(b) and, following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the Licensee to make specific changes to the Grid Code and/or revise the Grid Code in such manner as may be specified in the directions, and the Licensee shall comply forthwith with any such directions.
7. The Licensee shall give or send a copy of the approved Grid Code (and any revisions thereto) to:
 - (a) the Authority; and
 - (b) subject to paragraph 8, any Person requesting the same.
8. The Licensee may make a charge for any copy of the Grid Code given or sent pursuant to paragraph 7(b) of an amount which shall not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Authority.
9. The Grid Code shall include:
 - (a) Connection conditions specifying the technical, design and operational criteria to be complied with by the Licensee and by any Person: (i) Connected or seeking Connection to the Licensee's Transmission System; or (ii) who is authorised to Generate electricity and is Connected to or who seeks Connection to a System Connected to the Licensee's Transmission System;

- (b) an operating code specifying the conditions under which the Licensee shall operate the Licensee's Transmission System and in accordance with which Persons shall operate their Production Facilities and/or Systems Connected to the Licensee's Transmission System, in so far as necessary to protect the security and quality of supply and safe operation of the Licensee's Transmission System under both normal and abnormal operating conditions;
- (c) a planning code specifying the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Licensee's Transmission System and to be taken into account by Persons whose Premises are Connected or who are seeking Connection to the Transmission System in the planning and development of their own Production Facilities and/or Systems;
- (d) a scheduling and Dispatch code which reflects the requirements referred to in Condition 31;
- (e) an Ancillary Services code;
- (f) procedures relating to the scheduling of planned outages of Generation Units and Desalination units;
- (g) provisions for the exchange of data and arrangements for the cooperation of the Licensee, the PWP and the other parties to the Grid Code necessary to achieve the objectives set out in paragraph 2;
- (h) procedures for International Interconnection;
- (i) a Metering and Data Exchange Code specifying technical rules for the metering of electricity and Desalinated water exiting Production Facilities and entering and exiting the Total System. The Metering and Data Exchange Code shall stipulate requirements regarding the exchange, storage and provision of metering data required for the purposes of preparing and validating invoices relating to agreements between Licence Holders and other Persons (including Power Purchase Agreements, Power and Water Purchase Agreements, Agency Contracts, Bulk Supply Agreements, Connection Agreements, use of System agreements, Ancillary Services agreements and Import and Export contracts), including:
 - (i) conditions specifying the technical, design and operational criteria to be complied with by the Licensee and any other Person who is a party to the Metering and Data Exchange Code regarding the installation of metering equipment;

- (ii) conditions specifying the accuracy and calibration requirements for meter installations;
 - (iii) conditions regarding the installation, commissioning, inspection, testing and maintenance of meter installations;
 - (iv) conditions regarding the reading of meter installations; and
 - (v) procedures to be followed in the event that metering equipment is found to be defective; and
- (j) provisions for the establishment and operation of the Grid Code Review Panel whose role shall include:
- (i) the periodic review of the Grid Code;
 - (ii) making proposals to amend the Grid Code;
 - (iii) the role prescribed for it by the Grid Code in relation to Oman Electrical Standards;
 - (iv) participation in the determination of which Contractors should be approved to work on the Transmission System; and
 - (v) participation in the approval of equipment that may be used on or from part of the Transmission System.
10. The Authority may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with the Grid Code in respect of such parts of the Licensee's Transmission System and/or to such extent as may be specified in the directions.
11. The Licensee shall keep and maintain such records concerning its implementation of and compliance with the Grid Code and all modifications made thereto as are in accordance with such guidelines as the Authority shall from time to time have given to the Licensee, and the Licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.

Condition 4: Compliance with Distribution Code

1. The Licensee shall comply with provisions of any relevant Distribution Code applicable to it.
2. The Authority may, following consultation with any Licence Holder liable to be materially affected thereby and such other Licence Holders and other third parties

(including Exemption Holders) as the Authority shall consider appropriate, issue directions relieving the Licensee from its obligation under paragraph 1 above to the extent specified in those directions.

Condition 5: Health and safety

1. The Licensee shall be under a duty, in carrying out the Licensed Activities, to give due consideration to the health and safety of the general public and to Persons employed by the Licensee, in all circumstances in accordance with applicable law and any regulations from Competent Authorities.
2. The Licensee shall, taking due account of any guidance issued to it by the Authority and all applicable laws and regulations, within 90 days of the date upon which this Licence is issued, establish a written health and safety policy, together with details of the management arrangements which the Licensee will put in place to give effect to such policy.
3. The Licensee shall review the policy and the management arrangements periodically and otherwise as appropriate.
4. The Licensee shall, upon the establishment of and following the making of any material change to the policy, promptly send to the Authority a copy of the policy and management arrangements which it proposes to put in place to give effect to that policy.
5. The Licensee shall at all times act with regard to the policy and use reasonable endeavours to operate the management arrangements effectively.

Condition 6: Disposal of assets

1. The Licensee shall not:
 - (a) transfer its interests in this Licence, under this Licence or to this Licence (nor any part thereof) without the prior written consent of the Authority;
 - (b) otherwise than in accordance with this Condition, dispose of or relinquish operational control over any relevant asset; and
 - (c) create or agree to create any security or effect a disposal of or relinquish control over any relevant asset or liabilities or create or agree to create or extinguish or agree to extinguish any interest it uses in connection with the Licensed Activities other than with the prior written consent of the Authority.
2. Save as provided in paragraph 3, the Licensee shall give to the Authority not less than two months prior notice of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto to the Persons proposing to acquire such asset or operational control over such asset.
3. Notwithstanding the provisions of paragraphs 1 and 2 above, the Licensee may dispose of or relinquish operational control over any relevant asset:
 - (a) where:
 - (i) the Authority has issued directions for the purposes of this Condition containing a general consent (whether or not subject to conditions) to:
 - (A) transactions of a specified description; and/or
 - (B) the disposal of or relinquishment of operational control over relevant assets of a specified description; and
 - (ii) the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject;
 - (b) where the disposal or relinquishment of operational control in question is made under such contracts or agreements, or contracts or agreements of such a description, as may have been designated by the Authority for the purpose of this Condition;
 - (c) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation or by or under the Transfer Scheme.

4. Notwithstanding paragraph 1, the Licensee may dispose of or relinquish operational control over any relevant asset as is specified in any notice given under paragraph 2 in circumstances where:
- the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to the acceptance by the Licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished of such conditions as to the Authority may specify); or
 - the Authority does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.
5. In this Condition:
- "disposal" includes any sale, gift, lease, licence, mortgage, charge or the grant of any encumbrance or any other disposition to a third party;
- "relevant asset" means any asset which is necessary to enable the Licensee to undertake the Licensed Activities in accordance with the provisions of the Sector Law and this Licence, including any interest in land upon which any such asset is situated.

Condition 7: Provision of information to the Authority

- The Licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish to it such reports as the Authority may consider necessary in the light of the Conditions or as it may require for the purpose of performing the functions assigned to it by or under the Sector Law.
- Without prejudice to the generality of paragraph 1, the Authority may call for the furnishing of accounting information which is more extensive than, or differs from, that required to be prepared and supplied to the Authority under Condition 13.
- The power of the Authority to call for information under paragraph 1 is without prejudice to the power of the Authority to call for information under or pursuant to any other Condition of this Licence or under or pursuant to the Sector Law or any other enactment.
- In this Condition, "information" shall include any documents, analysis, accounts, meter readings, estimates, returns or reports (whether or not prepared specifically at the request of the Authority) of any description and in any format specified by the Authority.

Condition 8: Co-operation with and provision of information to the PWP

1. The Licensee shall furnish to the PWP, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable the PWP to perform the functions assigned to it under the Sector Law or its Licence.
2. Without prejudice to the provisions of paragraph 1, the Licensee shall:
 - (a) comply with the information exchange and reporting arrangements provided for in the Grid Code, insofar as the same are applicable to it; and
 - (b) prepare a monthly report (the "Monthly Dispatch Report") in accordance with Condition 31:
 - (i) the form and content of which shall be approved by the Authority and which the Licensee shall, within 2 months of the issue of this Licence propose to the Authority for its approval; and
 - (ii) which shall be submitted to the Authority and to the PWP in electronic and paper form by the 15th day of each calendar month.
3. The Licensee shall cooperate with the PWP in determining:
 - (a) which Ancillary Services should be procured by the PWP pursuant to existing agreements between it and Licensed Generators and/or Licensed Generators/Desalinators;
 - (b) where New Capacity is to be located; and
 - (c) Ancillary Services required to be provided by New Capacity to be procured by the PWP taking due account of the matters to be assessed by the Licensee in the statement referred to in Condition 27.

Condition 9: Co-operation with and provision of information to Licensed Distribution System Operators

1. The Licensee shall furnish to each affected Licensed Distribution System Operator, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable such Licensed Distribution System Operator to perform the functions assigned to it under the Sector Law or its Licence.
2. The Licensee shall co-operate, to such extent as the Authority may direct, with any relevant Licensed Distribution System Operator in performing its functions under the Sector Law and this Licence so as to enable any such Licensed Distribution System Operator to perform its functions under the Sector Law and its Licence.

Condition 10: Co-operation with and provision of information to the Rural Areas Electricity Company SAOC

1. The Licensee shall furnish to the Rural Areas Electricity Company SAOC, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable the Rural Areas Electricity Company SAOC to perform the functions assigned to it under the Sector Law or its Licence.
2. The Licensee shall co-operate, to such extent as the Authority may direct, with the Rural Areas Electricity Company SAOC in performing its functions under the Sector Law and this Licence so as to enable the Rural Areas Electricity Company SAOC to perform its functions under the Sector Law and its Licence.
3. The Licensee shall, where the Authority so directs, assume such of the Rural Areas Electricity Company SAOC's Transmission assets as shall be specified in such directions and on the terms specified in such directions.

Condition 11: Co-operation with Water Departments

1. The Licensee shall furnish to Water Departments, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable Water Departments to perform the functions assigned to them under the Sector Law.
2. The Licensee shall co-operate with Water Departments as provided in the Sector Law and the Grid Code and to such extent as the Authority may direct, in performing its functions under the Sector Law and this Licence so as to enable Water Departments to perform their functions under the Sector Law and the Grid Code.

Condition 12: Licence fees

1. The Licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in, or determined under, the following paragraphs of this Condition.
2. In respect of the year beginning on 1st January 2005 and in each subsequent year, the Licensee shall pay the aggregate of the following amounts:
 - (a) an amount which is a proportion as determined by the Authority of the amount estimated by the Authority, according to a method which has previously been disclosed in writing to the Licensee, as likely to be its costs during the coming year in the exercise of its general functions under the Sector Law; and
 - (b) the difference (being a positive or a negative amount), if any, between:
 - (i) the amount of the fee paid by the Licensee in respect of the year immediately preceding the year in question; and

- (ii) the amount which that fee would have been in respect of that year had the amount comprised therein under paragraph (a) been calculated by reference to the total costs of the Authority and the proportion thereof actually attributable to the Licensee (such total costs being apportioned as determined by the Authority according to a method previously disclosed in writing to the Licensee),

and the fee shall in each Relevant Year shall be paid by the Licensee to the Authority during the year to which it relates in four equal quarterly instalments, the first such instalment being payable within 30 days of the date upon which the Authority gives notice to the Licensee of its amount. In the First Relevant Year (1 May 2005 to 31 December 2005) the fee shall be paid in the number of instalments determined by the Authority.

Condition 13: Accounts for Separate Businesses and regulatory accounts

1. This Condition shall apply to each Separate Business for the purposes of ensuring that the Licensee (and any Affiliate) maintains accounting and reporting arrangements which are prepared with such Regulatory Accounting Guidelines as may be in force from time to time and such other accounting standards as may be approved from time to time by the Authority which enable:
 - (a) separate accounts to be prepared for each Separate Business showing the financial affairs of each such Separate Business; and
 - (b) those accounts to be prepared in accordance with accounting standards approved from time to time by the Authority.
2. The Licensee shall in respect of each Separate Business:
 - (a) keep or cause to be kept for each of its financial years and in the manner referred to in this Condition:
 - (i) such accounting records in respect of each Separate Business as would be required to be kept in respect of each such business if it were carried on by a separate Company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee (and any Affiliate) from those of any other business; and
 - (ii) such other accounting records in respect of each such Separate Business as may be required by the Authority;
 - (b) prepare on a consistent basis from such accounting records in respect of:

- (i) each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of cash flow, together with notes thereto, and showing separately in respect of each Separate Business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
 - (A) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - (B) determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and
- (ii) such other financial statements as may be required by the Authority;
- (c) procure, in respect of the accounting statements prepared in accordance with this Condition in respect of a financial year, a report by auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Separate Business to which the statements relate; and
- (d) deliver to the Authority:
 - (i) the auditors' report referred to in paragraph (c); and
 - (ii) the accounting statements referred to in paragraph (b)(i),
 as soon as reasonably practicable, and in any event not later than six months after the end of the financial year to which they relate in the case of the accounting statements referred to in paragraph (b)(i) and the auditor's report referred to in paragraph (c).
- 3. (a) Unless the Authority so specifies in directions issued for the purposes of this Condition or with its prior written approval, the Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge or apportionment or allocation referred to in paragraph 2(b)(i) from those applied in respect of the previous financial year.

- (b) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such bases of charge or appointment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on the bases which it has adopted in respect of that financial year, prepare accounting statements on the bases applied in respect of the immediately preceding financial year.
4. Accounting statements in respect of a financial year prepared under paragraph 2(b)(i) shall, unless otherwise approved by the Authority having regard to the purposes of this Condition:
- (a) have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee prepared under relevant law;
- (b) conform to the best commercial accounting practices and accounting standards or such other standards as may be notified to the Licensee by the Authority from time to time;
- (c) state the accounting policies adopted; and
- (d) (with the exception of the part of such statement which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively), be prepared and provided with the annual accounts of the Licensee.
5. References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to a particular Separate Business, and interest thereon and references to any profit and loss account shall be construed accordingly.

Condition 14: Prohibition of cross-subsidies

The Licensee shall procure that no Separate Businesses of its shall give any direct or indirect cross-subsidy to, nor receive any direct or indirect cross-subsidy from, each other or any other business of the Licensee or the business of any Affiliate.

Condition 15: Insurance against third party liability

1. The Licensee shall, in respect of its Licensed Activities, maintain insurance (including self insurance) against third party liabilities on terms approved by the Authority (including, but without limitation, with respect to type, cover, level and identity of insurer) with any modification as may be required pursuant to paragraph 3.
2. The Licensee shall, except as the Authority may otherwise consent, procure that every insurance policy maintained pursuant to paragraph 1 above shall bear an endorsement to the effect that a minimum of 30 days' prior notice shall be given to the Authority by the insurer or insurance broker of any lapse or cancellation of, or material change to, the policy.
3. Where the Authority notifies the Licensee that the Authority requires any modification of the insurance approved by the Authority pursuant to paragraph 1 above, the Licensee shall, no later than 60 days (or such longer period as the Authority may approve) from the date of the notice, procure that such modification is made.

4. In this Condition:

"self insurance" means the Licensee's financial capacity to meet any liability to a third party in respect of which the Licensee does not otherwise have insurance.

Condition 16: Environmental matters

1. The Licensee shall, taking due account of the guidance issued to it by the Authority and applicable environmental standards prevailing in the Sultanate of Oman, within 180 days of the grant of this Licence establish a written policy designed to protect the environment from the effect of the Licensed Activities, together with operational objectives and management arrangements to give effect to such policy. The Licensee shall review the policy, the operational objectives and management arrangements periodically and otherwise as appropriate.
2. The Licensee shall, upon the establishment and any material change of them, promptly send to the Authority a copy of the policy, together with a general description of the operational objectives and management arrangements.
3. The Licensee shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.
4. The Licensee shall, on an annual basis (or at such other intervals as the Authority may direct from time to time) prepare and submit to the Authority a statement setting out how the Licensee is complying and proposes to continue to comply with the guidance issued by the Authority and applicable environmental standards prevailing in the Sultanate of Oman.

Condition 17: Purchase of Ancillary Services and Economic Purchase duty

1. Subject to paragraph 3 below, the Licensee shall do such things as are necessary to ensure that all Ancillary Services and all other goods, assets and services which are purchased by it or are otherwise acquired by it, are purchased or otherwise acquired and managed by it on an Economic Purchase basis.
2. Any contracts or arrangements for the purchase of goods, assets and services from an Affiliate shall be on an arm's length basis.
3. The Licensee shall cooperate with the PWP in connection with the provision of and contracting for Ancillary Services, provided that its duty to purchase on an Economic Purchase basis shall, in relation to the purchase of Ancillary Services, relate to the Total System and not only that part of the Total System for which it is responsible.
4. For the purposes of this Condition 17, "an arm's length basis" means a basis on which unrelated parties would, in the normal course of business, do business.

Condition 18: Non-discrimination

In carrying out the Licensed Activities, the Licensee shall not create any undue preference in favour of nor unduly discriminate against any Person or class of Persons.

Condition 19: Settlement

The Licensee shall, for each agreement entered into by it pursuant to the Licensed Activities, prepare, process, issue and settle invoices, as required, in accordance with the terms and timescales stipulated in such agreements.

Condition 20: Omani Content and Omanisation

1. The Licensee shall use all reasonable efforts, in conducting the Licensed Activities, to promote and encourage the employment and training of Omani nationals and otherwise comply with and procure compliance with the Government's policy from time to time in respect of Omanisation and Omani Content.
2. The Licensee shall, on an annual basis (or at such other intervals as the Authority may direct from time to time) prepare and submit to the Authority a statement setting out how the Licensee is complying and proposes to continue to comply with the Government's policy for the time being in respect of Omanisation and Omani Content.

Condition 21: Revocation

1. The Authority may, at any time, revoke this Licence by not less than 30 days' notice in writing to the Licensee:
 - (a) if the Licensee agrees in writing with the Authority that this Licence should be revoked;
 - (b) if the Licensee ceases to carry on the Licensed Activities for a period exceeding 90 days, except where the Authority is satisfied that this has occurred as a result of events beyond the reasonable control of the Licensee, in which case the Authority shall substitute such longer period as it considers reasonable in all the circumstances;
 - (c) if any amount payable under Condition 12 of this Licence is unpaid for a period of 30 days after it has become due and remains unpaid for a period of 30 days after the Authority has given the Licensee notice in writing that the payment is overdue;
 - (d) if the Licensee fails, to any material extent, to perform any of its Licence duties or statutory duties;
 - (e) if the Licensee has been adjudicated insolvent;
 - (f) on expiry of the duration of the existence of the Licensee as specified in its constitutional documentation;
 - (g) if the Licensee suffers a change of Control without the Authority's prior written approval, provided that, in considering whether or not to give such approval, the Authority's primary considerations shall be whether, in all the circumstances: (1) the Person acquiring Control is a fit and proper Person to do so; and (2) the change of Control would necessarily cause a breach of the Sector Law or a provision of this Licence; or
 - (h) if it is found that the issue of this Licence had been based on inaccurate or incorrect information provided by the Licensee and the Licensee has been convicted of an offence in respect of such provision of inaccurate or incorrect information pursuant to Article (132) (b) of the Sector Law.
2. For the purpose of paragraph 1(g), there is a change in the Control of the Licensee whenever a Person obtains Control of the Licensee who did not have Control of the Licensee when this Licence was granted.

PART III: TRANSMISSION CONDITIONS

Condition 22: General

The Conditions stipulated in Part III of this Licence shall apply to the Transmission Business of the Licensee only.

Condition 23: Duty to offer terms for Connection

1. On application made by any Person, the Licensee shall (subject to paragraph 5) offer to enter into an agreement for Connection to the Licensee's Transmission System or for modification to an existing Connection and such offer shall make detailed provision regarding:
 - (a) the carrying out of works (if any) required to Connect the Licensee's Transmission System to any other System (whether at any Production Facilities or elsewhere) for the Transmission of electricity and for the obtaining of any consents necessary for such purpose;
 - (b) the carrying out of works (if any) in connection with the extension or reinforcement of the Licensee's Transmission System rendered (in the Licensee's discretion) appropriate or necessary by reason of making the Connection or modification to an existing Connection and for the obtaining of any consents necessary for such purpose;
 - (c) the installation of appropriate metering equipment (if any) required to enable the Licensee to meter the flow of active and reactive electricity accepted into the Licensee's Transmission System at the specified entry point or points or leaving such system at the specified exit point or points;
 - (d) the date by which any works required to permit access to the Licensee's Transmission System (including for this purpose any works to reinforce or extend the Licensee's Transmission System) shall be completed;
 - (e) the Connection charges to be paid to the Licensee, provided that any charge for Connection shall be either a Permitted Tariff or a Cost Reflective Tariff; and
 - (f) containing such further terms as are or may be appropriate for the purpose of the agreement.
2. If requested by any Person in its application, the Licensee's offer made pursuant to paragraph 1 shall be made on each of the following alternative bases:
 - (a) that the Licensee will carry out or procure the carrying out of all works referred to in the offer; and

(b) that the applicant will carry out or procure the carrying out of all or some part of the works referred to in the offer that are not necessarily required to be undertaken by the Licensee, as specified by the applicant in its application,

and, if paragraph 2(b) applies, the Licensee's offer shall contain:

(c) all such technical specifications of works; and

(d) all such other information as may be required (including requirements (if any) for a representative of the Licensee to attend work carried out by the applicant),

as may be necessary or desirable to enable the applicant to plan, cost and procure the carrying out of the relevant works.

3. For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under an agreement for making a Connection or modification to an existing Connection, the Licensee shall have regard to:

(a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other Person as a result of carrying out such works whether by reason of the reinforcement or extension of the Licensee's Transmission System or the provision of additional entry or exit points on such System or otherwise; and

(b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from third parties.

4. The Licensee shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 2 months after receipt by the Licensee from any Person of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer.

5. The Licensee shall not be obliged by this Condition to offer to enter or to enter into any agreement if:

(a) to do so would be likely to involve the Licensee:

(i) in a breach of the Sector Law;

(ii) in a breach of regulations made pursuant to the Sector Law;

(iii) in a breach of the Grid Code or the Distribution Code; or

(iv) in breach of the Conditions; or

- (b) the Person making the application does not undertake to be bound insofar as applicable by the terms of a the Grid Code or the Distribution Code from time to time in force.
6. Without prejudice to Article (125) of the Sector Law, any dispute between the Licensee and any Person to whom the Licensee is obliged to make an offer pursuant to paragraph 1 (and whether as to the making of an offer, the terms offered, the proposed charges or otherwise) may, upon the application of that Person, be determined by the Authority and the Licensee shall comply with and be bound by any such determination.

Condition 24: Duty to offer terms for use of the Licensee's System

1. On application made by the PWP, in the case of Exports and/or Imports, or any Licensed Supplier in all other cases, the Licensee shall (subject to paragraph 3) offer to enter into an agreement for use of System:
- (a) to accept into the Licensee's Transmission System at such entry point or points and in such quantities as may be specified in the application, electricity to be provided by or on behalf of the PWP or such Licensed Supplier, as appropriate; and/or
 - (b) to deliver such quantities of electricity (as appropriate) as are referred to in subparagraph (a) above (less any transmission losses) at such exit point or points on the Licensee's Transmission System and to such Person or Persons as the PWP or such Licensed Supplier, as appropriate, may specify; and
 - (c) specify the use of System charges to be paid by the PWP or such Licensed Supplier, as appropriate; and
 - (d) containing such further terms as are or may be appropriate for the purposes of the agreement.
2. The Licensee shall offer terms for agreements in accordance with paragraph 1 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the Licensee from the PWP or such Licensed Supplier, as appropriate of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer.
3. The Licensee shall not be obliged by this Condition to offer to enter or to enter into any agreement if:
- (a) to do so would be likely to involve the Licensee:
 - (i) in a breach of the Sector Law;
 - (ii) in a breach of regulations made pursuant to the Sector Law; or

- (iii) in a breach of the Grid Code or the Distribution Code; or
 - (iv) in breach of the Conditions; or
 - (b) the Person making the application does not undertake to be bound insofar as applicable by the terms of the Grid Code or the Distribution Code from time to time in force; or
 - (c) the Person making the application (save where such Person is the PWP) ceases to be a Licensed Supplier.
4. Without prejudice to Article (125) of the Sector Law, any dispute between the Licensee and any Person to whom the Licensee is obliged to make an offer pursuant to paragraph 1 (and whether as to the making of an offer, the terms offered, the proposed charges or otherwise) may, upon the application of that Person, be determined by the Authority and the Licensee shall comply with and be bound by any such determination.

Condition 25: Charges for Connection to and use of the Licensee's System

1. The Licensee shall:
- (a) as soon as practicable and in any event within 3 months after the date upon which this Licence is granted, prepare statements in relation to the Licensee's Transmission System in such form as shall have been approved by the Authority, setting out the basis upon which the charges for each of:
 - (i) Connection to the Licensee's Transmission System; and
 - (ii) use of the Licensee's Transmission System,

will be made, with such detail as shall be necessary to enable any Person to make a reasonable estimate of the charges to which he would become liable for the provision of any such service and (without prejudice to the foregoing) including the information set out in paragraphs 2 or 3 below, as appropriate;
 - (b) update the statements referred to in paragraphs (a)(i) and (a) (ii) above annually or as may otherwise be required by the Authority from time to time; and
 - (c) ensure that the statements prepared as provided at paragraphs (a)(i) and (a)(ii), any updates thereof prepared in accordance with paragraph (b) and the charges to which each of those statements and/or updates refer are consistent in all respects with the provisions of Schedule 2.
2. The statement referred to in paragraph 1(a)(i) shall include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of Electric Lines or meters (as appropriate)) liable to be required for the purpose of Connection (at entry or exit points) to the Licensee's Transmission System for which Connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
 - (b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the Licensee's Transmission System rendered (in the Licensee's discretion) necessary or appropriate by virtue of providing Connection to or use of System to any Person seeking Connection;
 - (c) the methods by which and the principles on which Connection charges will be made in circumstances where the Electric Lines or other plant (as appropriate) to be installed are (at the Licensee's discretion) of greater size or capacity than that required for use of System by the Person seeking Connection;
 - (d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance and repair required of Electric Lines, other plant or meters (as appropriate) provided and installed for making a Connection to the Licensee's Transmission System;
 - (e) the methods by which and principles on which any charges will be made for disconnection from the Licensee's Transmission System and the removal of Electric Lines, other plant and meters (as appropriate) following disconnection; and
 - (f) the methods by which and principles on which any charges of the types referred to in this paragraph 2 shall be calculated if any Person requests that an offer be made to him on the basis described in paragraph 2(b) of Condition 23.
3. The statement referred to in paragraph 1(a)(ii) shall include:
- (a) a schedule of charges for Transmission of electricity under use of System;
 - (b) the methods by which and the principles on which the charges (if any) for availability of capacity on the Licensee's Transmission System will be made;
 - (c) a schedule of the charges (if any) which may be made for the provision and installation of any meters or other plant at Connection points the provision and installation of which is ancillary to the grant of use of system and for the maintenance of meters or other plant; and

- (d) the methods by which and principles on which entry and exit charges for Connections in operation before the grant of the licence shall be calculated.
4. Connection charges for those items referred to in paragraph 2 shall be set at levels which will enable the Licensee to recover:
 - (a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the Licensee's Transmission System or the provision and installation, maintenance and repair or (as the case may be) removal following disconnection of any Electric Lines, Electric Plant or meters (as appropriate); and
 - (b) a reasonable rate of return on the capital represented by such costs.
5. Use of system charges for those items referred to in paragraph 3 shall be set at levels which will enable the Licensee to recover:
 - (a) the appropriate proportion of the costs directly or indirectly incurred in making capacity available, installing and/or maintaining metering equipment and other services associated with use of the Licensee's Transmission System; and
 - (b) a reasonable rate of return on the capital represented by such costs.
6. The Licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of each statement prepared in accordance with paragraph 1 and shall, at least once in every year that this Licence is in force, revise such statements in order that the information set out in those statements shall continue to be accurate in all material respects.
7. The Licensee shall send a copy of the statements prepared in accordance with paragraph 1, and of each revision of such statements in accordance with paragraph 6, to the Authority.
8. The Licensee shall, subject to paragraph 9, give or send a copy of each statement prepared in accordance with paragraph 1, or (as the case may be) of the latest revision of such statement in accordance with paragraph 6, to any Person who requests a copy of such statement or statements.
9. The Licensee may make a charge for each statement given or sent pursuant to paragraph 8 of an amount reflecting the Licensee's reasonable costs of providing such statement which shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this Condition.
10. This Condition is without prejudice to Schedule 2.

Condition 26: Security standards and efficient and economic system

1. The Licensee shall submit to the Authority, for its approval, details of its proposals for the Transmission Security Standard.
2. The Licensee shall make arrangements sufficient to meet the approved Transmission Security Standard on or before a date to be stipulated by the Authority.
3. The Authority shall, subject to its giving the Licensee sufficient prior written notice thereof, be entitled to modify the Transmission Security Standard from time to time.
4. The Transmission Security Standard shall require, amongst other things, that the capacity of the Transmission System to transmit electricity shall not be reduced in the event that a single electric line, transformer or breaker and/or associated plant is not in service provided that during a period in which such single electric line, transformer, breaker and/or associated plant is not in service, the operating voltage of the Transmission System may reduce up to any level specified from time to time for such purposes in the Grid Code.
5. The Licensee shall, as soon as practicable after the date upon which this Licence is granted and in any event not later than such date as the Authority shall specify in directions issued to the Licensee for the purposes of this Condition and from time to time thereafter, submit to the Authority for its approval:
 - (a) details of the Licensee's proposals for complying with the obligation referred to in paragraph 2 above;
 - (b) details of its proposals for the security standards which are to apply for the Licensee's Transmission System during the period from the date on which this Licence was granted to the date upon which the Licensee shall be obliged, in accordance with paragraph 2, to apply and comply with Transmission Security Standard.
6. The Licensee shall make arrangements sufficient to meet the security standards prepared and approved pursuant to paragraph 5(b) and the Transmission Security Standard.
7. Without prejudice to the generality of the foregoing, the Licensee shall:
 - (a) plan and develop its Transmission System in accordance with the Transmission Security Standard and the Grid Code and such other standards of planning as the Licensee may, following consultation (where appropriate) with any Licence Holder and/or any other Person who is a party to the Grid Code liable to be materially affected thereby and with the approval of the Authority, adopt from time to time;

- (b) operate and maintain an efficient and economic Transmission System in accordance with the Transmission Security Standard and the Grid Code and such other standards of operation and maintenance as the Licensee may, following consultation (where appropriate) with any Licence Holder and/or any other Person who is a party to the Grid Code liable to be materially affected thereby and with the approval of the Authority, adopt from time to time.
8. The Licensee shall within 6 months of the date upon which this Licence is granted, draw up and submit to the Authority for its approval a statement setting out criteria by which the performance of the Licensee in developing, operating and maintaining a safe, secure, efficient and economical Transmission System may be measured. This statement shall include the following:
- (a) frequency excursions beyond permitted limits;
- (b) voltage excursions beyond permitted limits;
- (c) the number of Transmission System incidents (an incident is a loss of supply to one or more Customers because of faults on the Transmission System);
- (d) unsupplied energy (MWh) per incident; and
- (e) Transmission System unavailability (by the following classes: planned maintenance, planned system construction, planned construction by a party to the Grid Code and unplanned faults; and
- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.
9. The Licensee shall within 2 months of the end of each financial year submit to the Authority a report providing details of the performance of the Licensee during the previous financial year against the criteria referred to in paragraph 8.
10. The Authority may (following consultation with the Licensee and, where appropriate, any relevant Licence Holder and/or any other Person who is a party to the Grid Code) issue directions relieving the Licensee of its obligations under paragraph 2 in respect of such parts of the Licensee's Transmission System and to such extent as may be specified in the directions.

Condition 27: Transmission System capability statement

1. The Licensee shall, on an annual basis, prepare a statement, in a form approved by the Authority, showing, in respect of each of the **five (5)** succeeding financial years, circuit capacity, forecast power flows and loading on each part of the Transmission System and fault levels for each transmission node, together with:

- (a) information on the status of Transmission capacity and the anticipated future requirements of Transmission capacity, including (a) new Transmission System load and (b) New Capacity;
- (b) a commentary prepared by the Licensee indicating the Licensee's views as to those parts of the Transmission System most suited to new Connections and transport of further quantities of electricity, including for New Capacity and Connection of Systems operated by the Rural Areas Electricity Company SAOC;
- (c) information on what constraints are foreseen on the Transmission System and where;
- (d) information relating to progress of ongoing investment in the Transmission System;
- (e) such further information as shall be reasonably necessary to enable any Person seeking use of System to identify and evaluate the opportunities available when Connecting to and making use of the Transmission System; and
- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition,

provided that the Authority may, upon application of the Licensee, relieve the Licensee from the obligation to prepare any such statement in respect of any period and any part or parts of the Transmission System specified in directions issued to the Licensee by the Authority from time to time for the purposes of this Condition.

2. The Licensee shall include in every statement given or sent under paragraph 1 the information required by that paragraph except that the Licensee may with the prior consent of the Authority omit from any such statement any details as to the capacity, flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the Licensee or any third party.
3. The Licensee shall, when preparing the statement referred to in paragraph 1 of this Condition, ensure that the forecasts of electricity flows and loading on each part of the Transmission System are consistent with the prevailing electricity demand forecasts prepared and used by the PWP for the purposes of the statement of future capacity requirements required by Condition 5 of the PWP licence.
4. The Licensee shall, when preparing the statement referred to in paragraph 1 of this Condition, ensure that the statement takes due account of information required to be provided to it by Persons bound by the Grid Code.

5. The Licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once in every year this Licence is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.
6. The Licensee shall send a copy of the statement prepared in accordance with paragraph 1 and of each revision of such statement in accordance with paragraph 3 to the Authority. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority.
7. The Licensee shall, subject to paragraph 8, give or send a copy of the statement prepared in accordance with paragraph 1 or (as the case may be) of the latest revision of such statement in accordance with paragraph 2 approved by the Authority pursuant to such paragraph to any Person who requests a copy of such statement.
8. The Licensee may make a charge for any statement given or sent pursuant to paragraph 7 of an amount reflecting the Licensee's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Authority from time to time for the purposes of this Condition.

Condition 28: International Interconnections

1. If the Licensee proposes to:
 - (a) enter into a new contract or arrangement for the Interconnection of its System with a System which exists outside the Sultanate of Oman; or
 - (b) develop or make arrangements to develop a new International Interconnection,
 and, in either case, the proposed Interconnection will have a capacity of 33kV or more or such other capacity limit as may be determined in accordance with the Sector Law, the following paragraphs shall apply.
2. The Licensee shall not enter into any contract or other arrangement for the Interconnection of its System with a System which exists outside the Sultanate of Oman, nor develop or make arrangements to develop a new International Interconnection:
 - (a) unless the Import or Export of electricity across the relevant International Interconnector has been authorised in accordance with Article (114) of the Sector Law; and
 - (b) without having first:

- (i) supplied such information to the Authority as it may have requested and as may be required by the Authority to enable it to comply with the requirements of Article (115) of the Sector Law;
 - (ii) notified the Authority in writing that it proposes to do so, providing the Authority with its business plan in respect of the proposed contract or other arrangement, including full details of its proposals for:
 - (aa) the Persons with whom it proposes to contract and details of the direct and indirect economic interests of those Persons and their Affiliates in:
 - (xx) Licence Holders or the Affiliates of Licence Holders; and
 - (yy) other Persons with whom the PWP has contracted for Imports;
 - (bb) the nature and proposed contents of the proposed contracts or other arrangements, including any charges and other terms;
 - (cc) any associated requirements for investment in, or expansion or reinforcement of, any part of the Total System, including details of any agreement reached or to be reached with any other Licence Holder in respect thereof;
 - (dd) its assessment of any risks associated with the International Interconnection, including as to the construction and financing thereof;
 - (ee) its assessment of the technical compatibility of the System outside the Sultanate of Oman with which it proposes to Connect and its proposals for how the International Interconnector will address any risks in relation to the integrity of the Total System; and
 - (ff) any capital expenditure to be incurred by it in relation to the proposals and, if appropriate, a cash-flow forecast for the period of the proposed contract or other arrangement; and
 - (iii) been granted a Licence to develop and/or operate the relevant International Interconnection.
3. If the Licensee proposes to commence discussions or negotiations with any Person in relation to any matter as referred to in paragraphs 1 and/or 2 above, it shall first notify the Authority, providing such of the information about the proposals listed in paragraph

2(a) as may be available to it at that time. The Licensee shall keep the Authority fully informed as to the status and progress of any such discussions.

4. The Licensee shall comply with any instruction of the Authority made in accordance with Article (115) of the Sector Law concerning its designing, financing, owning, developing, constructing, operating and/or maintaining an International Interconnection.

Condition 29: Acquisition of Rural Areas Electricity Company SAOC assets

The Licensee shall acquire such of the assets of the Rural Areas Electricity Company SAOC, in such manner and on such terms as the Authority may specify from time to time and otherwise on the terms specified in Article (88) of the Sector Law.

PART IV: DISPATCH CONDITIONS

Condition 30: General

The Conditions set out in Part IV of this Licence shall apply to the Dispatch Business of the Licensee only.

Condition 31: Central Scheduling and Dispatch

1. The Licensee shall schedule and issue direct instructions for the Dispatch of Generation Units and Desalination units at Production Facilities which are Connected to its System or to a System which is Connected to its System and which:
 - (a) are required to be subject to such scheduling and Dispatch instructions under the terms of a licence or an Exemption of a Generator or Generator/Desalinator, as the case may be; or
 - (b) are required by the Grid Code to be subject to such scheduling and Dispatch instructions.
2. The Licensee shall develop and operate a system of central Dispatch of Production Facilities which are Connected to the Transmission System or to a System, which is Connected to the Transmission System, which accords with the requirements of the Grid Code .Production Facilities shall, subject to system and any other relevant constraints, be Dispatched in accordance with the Merit Order prepared by the Licensee
3. The Licensee shall maintain for a minimum period of six years (or for metering data that is subject to the Metering and Data Exchange Code for the periods stipulated in the Metering and Data Exchange Code for such metering data) all records of information issued or received by the Licensee in accordance with the Scheduling and Dispatch Codes in relation to each Generation Unit and Desalination unit, user System or International Interconnection which is subject to central Dispatch.
4. The Licensee shall provide to the Authority such information as the Authority shall request concerning the arrangements for scheduling and Dispatch, or any aspect of its operation.
5. The Monthly Dispatch Report referred to in Condition 8 shall contain the following information:
 - (i) details of the procedures and principles used to Dispatch Generation Units and Desalination units which are subject to central Dispatch and an explanation, when relevant, of any changes to such procedures and principles implemented since the issue of the previous Monthly Dispatch Report;

- (ii) using data provided by the PWP, a table showing the forecast Output of each centrally Dispatched Generation Unit and Desalination unit in the relevant month used in the preparation of the electricity and water Bulk Supply Tariffs;
- (iii) a table showing for each centrally Dispatched Generation Unit and Desalination unit the actual Dispatched Output of each such unit in the relevant month. The format of the table shall be consistent with and in a form substantially similar to the table referred to in (ii); and
- (iv) commentary explaining the extent to which:
 - (aa) Transmission System constraints;
 - (bb) other System constraints (including constraints at Production Facilities); and
 - (cc) other relevant factors

account for differences in the data presented in the tables referred to in (ii) and (iii) of this paragraph in that relevant month,

and such other information as the Authority may require from time to time;

6. In this Condition:

"central Dispatch" means the process of scheduling and issuing direct instructions by the Licensee referred to in paragraph 1.

SCHEDULE 1: AUTHORISED AREA

The Authorised Area of the Licensee comprises:

- (i) the areas identified in Appendix A (A10) of the licence application form including any areas into which modifications or extensions of the transmission assets may extend from time to time;
- (ii) areas in the Dhofar Governorate in which transmission assets transferred to the Licensee from the Dhofar Power Company SAOC are located including any areas into which modifications or extensions of the transmission assets may extend from time to time; and
- (iii) any other areas in the Sultanate of Oman as may be approved by the Authority from time to time.

SCHEDULE 2: CHARGE RESTRICTION CONDITIONS ¹

Basic Formulae: Revenue for Transmission Use of System Services

1. The Licensee shall, in setting its charges for the provision of Transmission System Services, use reasonable endeavours to secure that in any Relevant Year the **Actual Regulated Revenue** (ARR) shall not exceed the **Maximum Allowed Revenue** (MAR) calculated according to the following formula:

$$MAR_t = MATR_t + MADISR_t + LF_t - K_t$$

Where

MAR means the **Maximum Allowed Revenue** relating to charges for Transmission Use of System Services in Relevant Year t;

MATR_t means the **Maximum Allowed Transmission Revenue** in Relevant Year t;

Where:

$$MATR_t = MAMISTR_t + MADTR_t$$

MAMISTR_t means the **Maximum Allowed Main Interconnected System Transmission Revenue** in Relevant Year t calculated according to the formula in paragraph 2;

MADTR_t means the **Maximum Allowed Dhofar Transmission Revenue** in Relevant Year t, calculated according to the formula in paragraph 4;

MADISR_t means the **Maximum Allowed Dispatch Revenue** in Relevant Year t, calculated according to the formula in paragraph 6;

LF_t means the Licence fee payable pursuant to Condition (12) in Relevant Year t;

K_t is the correction factor in Relevant Year t and shall be calculated in accordance with the following formula:

$$K_t = (ARR_{t-1} - MAR_{t-1}) \times \left(1 + \left(\frac{i}{100}\right)\right)$$

Where:

¹ Modified on 1 January 2019

- ARR_{t-1} means the Actual Regulated Revenue in Relevant Year t -1;
- MAR_{t-1} means the Maximum Allowed Revenue in Relevant Year t-1;
- i_t means the Specified Rate save that when ARR_{t-1} exceeds MAR_{t-1} by more than 2 per cent, the Specified Rate plus 3 unless otherwise agreed by the Authority.

2. The Maximum Allowed Main Interconnected System Transmission Revenue (MAMISTR_t) shall be calculated according to the following formula

$$\text{MAMISTR}_t = (a_t + b_t * \text{MTSD}_{Mt} + c_t * \text{RUT}_{Mt}) + \text{GCCIA}_t$$

Where:

- a_t, b_t and c_t in the First Relevant Year are the Notified Values provided by the Authority. In subsequent Relevant Years a_t, b_t and c_t shall be calculated according to the formulae in paragraph 3 below;
- MTSD_{Mt} means the Maximum Transmission System Demand in the Main Interconnected System in Relevant Year t Metered at exit points from the Transmission System;
- RUT_{Mt} means the aggregate of Regulated Units Transmitted across the Main Interconnected System in Relevant Year t Metered at exit points from the Transmission System; and
- GCCIA_t means costs pertaining to Oman's contribution to the operation and maintenance costs of the Gulf Cooperation Council Interconnection Authority payable in Relevant Year t and/or any other amounts payable to the Gulf Cooperation Council Interconnection Authority and deemed appropriate for recovery by the Authority.

3. In a Relevant Year after the First Relevant Year the value of the terms a_t, b_t and c_t shall be calculated from the following formulae:

$$a_t = (a_{t-1}) \times (1 + \text{CPI}_t - X_{Mt})$$

$$b_t = (b_{t-1}) \times (1 + \text{CPI}_t - X_{Mt})$$

$$c_t = (c_{t-1}) \times (1 + \text{CPI}_t - X_{Mt})$$

Where:

CPI_t in relation to a Relevant Year is the percentage change in the Omani Consumer Price Index in the twelve-month period ending on 30th June in the previous Relevant Year.

If, when complying with the requirements of paragraphs 15 and 16, the value of CPI_t for the relevant period is unavailable, the value of CPI_t shall be a forecast of the percentage change in the Omani Consumer Price Index for the twelve-month period ending on 30th June in the previous Relevant Year agreed with the Authority.

X_{Mt} is the Notified Value provided by the Authority.

4. $SDt = \sum_h HSDIP_{The} \frac{\text{Actual Spinning Reserve}}{\text{Target Reserve}}$ Maximum Allowed Dhofar Transmission Revenue ($MADTR_t$) shall be calculated according to the following formula:

$$MADTR_t = (d_t + e_t * MTSD_{Dt} + f_t * RUT_{Dt})$$

Where:

d_t , e_t and f_t in the First Relevant Year are the Notified Values provided by the Authority. In subsequent Relevant Years d_t , e_t and f_t shall be calculated according to the formulae in paragraph 5 below;

$MTSD_{Dt}$ means the Maximum Transmission System Demand in the Dhofar Power System in Relevant Year t Metered at exit points from the Transmission System; and

RUT_{Dt} means the aggregate of Regulated Units Transmitted across the Dhofar Power System in Relevant Year t Metered at exit points from the Transmission System.

5. In a Relevant Year after the First Relevant Year the value of the terms d_t , e_t and f_t shall be calculated from the following formulae:

$$d_t = (d_{t-1}) \times (1 + CPI_t - X_{Dt})$$

$$e_t = (e_{t-1}) \times (1 + CPI_t - X_{Dt})$$

$$f_t = (f_{t-1}) \times (1 + CPI_t - X_{Dt})$$

Where:

CPI_t in relation to a Relevant Year is the percentage change in the Omani Consumer Price Index in the twelve-month period ending on 30th June in the previous Relevant Year.

If, when complying with the requirements of paragraphs 15 and 15, the value of CPI_t for the relevant period is unavailable, the value of CPI_t shall be a forecast of the percentage change in the Omani Consumer Price Index for the twelve-month period ending on 30th June in the previous Relevant Year agreed with the Authority.

X_{Dt} is the Notified Value provided by the Authority.

6. The Maximum Allowed Dispatch Revenue ($MADISR_t$) shall be calculated according to the following formula:

$$MADISR_t = LDC_t + SD_t$$

Where:

LDC_t in is the Notified Value provided by the Authority for the First Relevant Year of the price control. In each subsequent Relevant Year LDC_t shall be calculated according to the formulae in paragraph 7; and

SD_t means the Scheduling and Dispatch incentive revenue in Relevant Year t calculated according to the formulae in paragraph 6 below.

7. In a Relevant Year after the First Relevant Year the value of the LDC_t term shall be calculated from the following formulae:

$$LDC_t = (LDC_{t-1}) \times (1 + CPI_t - X_{DISt})$$

Where:

CPI_t in relation to a Relevant Year is the percentage change in the Omani Consumer Price Index in the twelve-month period ending on 30th June in the previous Relevant Year.

If, when complying with the requirements of paragraphs 15 and 15, the value of CPI_t for the relevant period is unavailable, the value of CPI_t shall be a forecast of the percentage change in the Omani Consumer Price Index for the twelve-month period ending on 30th June in the previous Relevant Year agreed with the Authority.

X_{DIST} is the Notified Value provided by the Authority.

8. The value of SD_t in a Relevant Year shall be derived from the following formula:

$$\text{if } A \leq Z < B, SD_t = [(Z - A) / (B - A)] \times D \times MADISR_t$$

$$\text{if } Z \geq B, SD_t = D \times MADISR_t$$

$$\text{if } C < Z < A, SD_t = [(Z - A) / (C - A)] \times -D \times MADISR_t$$

$$\text{if } Z \leq C, SD_t = -D \times MADISR_t$$

$$\text{if } Z = A, SD_t = \text{zero}$$

Where A, B, C, D and Z are defined in the table below

Parameter	Definition	Value
Z	Percentage of hours in year in which actual spinning reserve is within the target band, where the target band is defined as Declared Minimum Spinning Reserve (DMSR) + 130MW	
A	Percentage of hours in year in which actual spinning reserve is within the target band at which no reward or penalty is earned or incurred	66%
B	Percentage of hours in year in which actual spinning reserve is within the target band at which the maximum reward is earned	80%
C	Percentage of hours in year in which actual spinning reserve is within the target band at which the maximum penalty is incurred	52%
D	Maximum reward or penalty as a percentage of MADISR	3.5%

Restrictions on Charges for Transmission Use of System Services

9. If, in respect of any Relevant Year, **Actual Regulated Revenue** exceeds the **Maximum Allowed Revenue** by more than 3 per cent the Licensee shall furnish an explanation to the Authority and in the next Relevant Year t+1 the Licensee shall not effect any increase in charges for Transmission Use of System Services, the revenue from which is regulated under this schedule unless it has demonstrated to the reasonable satisfaction of the Authority that the revenue from the increased charges is not likely to exceed the **Maximum Allowed Revenue** in that next Relevant Year t+1.
10. If, in respect of any 2 successive Relevant Years, the sum of the amounts by which the **Actual Regulated Revenue** has exceeded the **Maximum Allowed Revenue** is more than 4 per cent of the **Maximum Allowed Revenue** for the second of these Relevant Years, then in the next following Relevant Year the Licensee shall, if required by the Authority, adjust its charges for the provision of Transmission Use of System Services so that the revenue from the increased charges would not be likely, in the judgement of the Authority, to exceed the **Maximum Allowed Revenue** in that next following Relevant Year.
11. If, in respect of any 2 successive Relevant Years, the **Actual Regulated Revenue** is less than 90 per cent of the **Maximum Allowed Revenue**, the Authority, after consultation with the Licensee, may direct that in calculating K_t in respect of the next following Relevant Year, there should be substituted for ARR_{t-1} in the formula set out in paragraph 1 such figure as the Authority may specify being not less than ARR_{t-1} and not more than $0.9 * (MAR_{t-1})$.

Provision of Information to the Authority

12. Where any change is intended to be made in charges for Transmission Use of System Services the Licensee shall 1 month prior to the date of publication of such changes, notify the Authority of the proposed change and if required, provide the Authority with:
 - a. a written forecast of the **Actual Regulated Revenue** expected in the Relevant Year t in which such change is to take effect and in respect of the next following Relevant Year t+1; and
 - b. a written estimate of the **Maximum Allowed Revenue**, together with its components, in respect of the Relevant Year t-1 immediately preceding the Relevant Year in which the change is to take effect, and for Relevant Year t and Relevant Year t+1, unless a statement complying with paragraph 14 in respect of Relevant Year t-1 has been furnished by the Licensee to the Authority before the publication of the proposed change.

13. If within 3 months of the commencement of any Relevant Year t the Licensee has not made any such change in its charges as referred to in paragraph 12, the Licensee shall provide the Authority with a written forecast of the **Maximum Allowed Revenue** together with its components in respect of the Relevant Year t.
14. Any forecast or estimate provided in accordance with paragraphs 12 or 13 shall be accompanied by such information as regards the assumptions underlying the forecast or any estimate as may be necessary, in the judgement of the Authority, to enable the Authority to be satisfied that the forecast or estimate has been properly prepared on a consistent basis.
15. Not later than 6 weeks after the commencement of each Relevant Year t, the Licensee shall send the Authority a statement as to:
- whether or not the provisions of paragraphs 10 and 11 are likely to be applicable in consequence of revenues collected in the 2 preceding Relevant Years (t-1 and t-2);
 - its best estimate as to the relevant correction factor K_t calculated in accordance with the formula set out in paragraph 1 to be applied in calculating the **Maximum Allowed Revenue** for Transmission Use of System Services in Relevant Year t.
16. Not later than 3 months after the end of each Relevant Year t the Licensee shall send to the Authority a written statement in respect of that Relevant Year showing the specified items referred to in paragraph 18.
17. The statements referred to in the preceding paragraph shall be:
- accompanied by a report addressed to the Authority from the auditors referred to in Condition 13 that in their opinion such statements fairly represents each of the specified items in accordance with the requirements of the charge restriction conditions and that the amounts shown in respect of each of the specified items are in accordance with the accounting records which have been maintained in accordance with Condition 13; and
 - certified by a director of the Licensee on behalf of the Licensee that, to the best of his or her knowledge, information and belief after having made all reasonable enquires, that the amounts included in its calculations under paragraph 18 have been prepared in accordance with the Licensee's statutory and Licence obligations.
18. The specified items to be shown in the statements referred to in paragraph 16 in respect of the Licensee's activities shall be the following:
- the Actual Regulated Revenue in Relevant Year t;

- (b) the Maximum Transmission System Demand ("MTSD_{Mt}" and "MTSD_{Dt}") Metered at exit points from the Main Interconnected System and Dhofar Power System, respectively, in Relevant Year t;
- (c) the Regulated Units Transmitted ("RUT_{Mt}" and "RUT_{Dt}") Metered at exit points from the Main Interconnected System and Dhofar Power System, respectively, in Relevant Year t;
- (d) the value of SD_t as defined in paragraph 7 in Relevant Year t;
- (e) the value of GCCIA_t as defined in paragraph 2 in Relevant Year t;
- (f) the value of LDC_t as defined in paragraph 6 in Relevant Year t;
- (g) the value of K_t as defined in paragraph 1 in Relevant Year t; and
- (h) such other items as shall be specified in directions issued by the Authority for the purposes of this schedule.

Duration of Charge Restriction Conditions

19. The charge restriction conditions in this Schedule shall apply so long as this Licence continues in force but shall cease to have effect (in whole or in part as the case may be) if the Licensee delivers to the Authority a disapplication request made in accordance with paragraph 20 and:
- (a) the Authority agrees in writing to the disapplication request; or
 - (b) their application (in whole or in part) is terminated by notice given by the Licensee in accordance with either paragraph 21 or 22.
20. A disapplication request shall:
- (a) be in writing addressed to the Authority;
 - (b) specify the charge restrictions (or any part thereof) to which the request relates; and
 - (c) state the date from which the Licensee wishes the Authority to agree that the specified charge restriction conditions shall cease to have effect and the date upon which such charge restriction conditions cease to have effect shall be the 'disapplication date', provided that, save where the Authority agrees otherwise, the disapplication date shall not be earlier than the date occurring 18 months after the delivery of the disapplication request.
21. If the Authority has not proposed a modification of the charge restriction conditions or has not issued a decision in writing rejecting the disapplication request before the beginning of the period of 6 months which will end with the disapplication date, the Licensee may deliver written notice to the Authority terminating the application of such



of the charge restriction conditions as are specified in the disapplication request with effect from the disapplication date or a later date.

22. Nothing in paragraphs 19 to 21 above shall be taken to imply any limitation to or restriction of the Authority's power to modify this Licence in accordance with Article (109) of the Sector Law.

Definitions

In this schedule

"Dhofar Business"	means the Licensee's business relating to the Dhofar Power System;
"Dhofar Power System"	means the Transmission System owned and operated by the Licensee in the area referred to in paragraph (ii) of Schedule 1 of this licence and any Production Facilities and Systems connected to it;
"First Relevant Year"	means the Relevant Year beginning on 1 January 2019 and ending on 31 December 2019;
"Gulf Cooperation Council Interconnection Authority"	means the entity owned by the six GCC Member States and established in Saudi Arabia for the GCC electricity interconnection project pursuant to Saudi Royal Decree No. M/21 on July 29, 2001 approving its Articles of Association and Bylaws;
"Main Interconnected System Business"	means the Licensee's business relating to the Main Interconnected System;
"Main Interconnected System"	means the Transmission System owned and operated by the Licensee in the area referred to in paragraph (i) of Schedule 1 of this licence and any Production Facilities and Systems connected to it;
"Maximum Allowed Main Interconnected System Revenue"	means the revenue allowed in relation to the Licensee's costs of Transmission in the Main Interconnected System;
"Maximum Allowed Dhofar Revenue"	means the revenue allowed in relation to the Licensee's costs of Transmission in the Dhofar Power System;
"Maximum Allowed Dispatch Revenue"	means the revenue allowed in relation to the Licensee's Dispatch costs;

“Maximum Allowed Revenue”	means the maximum amount that can be recovered in a Relevant Year through charges for the provision of Transmission Use of System Services, the revenue from which is regulated under this schedule;
"Maximum Transmission System Demand"	means the maximum average electricity demand in an hour (in MW) metered at exit points on the Licensee's Transmission Systems;
"Metered"	means in relation to any quantity, as measured by a meter installed for such purpose pursuant to the Metering and Data Exchange Code or (where no such meter is installed) as otherwise reasonably calculated;
"Monthly Statistical Bulletin"	means the Monthly Statistical Bulletin published by the National Centre for Statistics and Data;
"Notified Value"	means, in relation to any term, such value as shall be first ascribed to that term in a written notice given to the Licensee by the Authority as soon as practicable after the date of grant of this Licence;
"Omani Consumer Price Index"	<p>is calculated as a weighted average of the value of the following price indices within the “Sultanate Consumer Price Index”, as published in the Monthly Statistical Bulletin:</p> <ol style="list-style-type: none"> 1. Foods and non-alcoholic beverages 2. Tobacco 3. Clothing & Footwear 5. Furnishings, household equipment and routine household maintenance 6. Health 7. Transport 8. Communication 9. Recreation and Culture 10. Education 11. Restaurants and Hotels 12. Miscellaneous goods and services <p>The weights to attach to each of the items above, w_i, shall be calculated as $w_i = \left(\frac{weight_i}{\sum_{i=1}^{i=12} weight_i} \right)$ where $i = 1 - 3, 5 - 12$ and $weight_i$ is the weight stated for the i^{th} item above in the Sultanate Consumer Price Index;</p>

"Regulated Units Transmitted"	means the aggregate quantity of electricity units transmitted through the Transmission System in that Relevant Year metered at exit points on leaving the Transmission System or (where no such meter is installed) as otherwise reasonably calculated;
"Relevant Year"	means a period of 12 calendar months commencing on 1 January;
"Relevant Year t"	means that Relevant Year for the purposes of which any calculation falls to be made; "Relevant Year t-1" means the Relevant Year preceding Relevant Year t or, in respect of the First Relevant Year, the period of 12 calendar months commencing on 1 January ; and similar expressions shall be construed accordingly;
"Relevant Year t-1"	means the Relevant Year preceding Relevant Year t or, in respect of the First Relevant Year, the period of 12 calendar months commencing on 1 January 2018; and similar expressions shall be construed accordingly;
"Specified Rate"	means in respect of Relevant Year t the average of the Weighted Average Interest Rates on Deposits (Total Deposits All Sectors: Rial Omani) published in the Monthly Statistical Bulletin of the Central Bank of Oman (or such other banks as the Authority shall specify from time to time) during Relevant Year t-1;
"Transmission System Services"	means all services provided pursuant to the Licensed Activities listed in Part 1 Paragraph 4 of this Licence and the Sector Law;
"Target Reserves"	means the Spinning Reserve requirements as defined in the Grid Code pursuant to Operating Code 3 and Scheduling and Dispatch Code 1;
"Transmission Use of System Services"	means the Transmission System Services other than services relating to the making and maintenance of Connections to the Licensee's Transmission System the costs of which are recovered through approved Connection Charges; and
"Unit Transmitted"	means a kilowatt-hour.