

Authority for Electricity Regulation, Oman

Article (109) Notice

The Authority for Electricity Regulation, Oman (the “Authority”) has proposed modifications to Schedule 1 Charge Restriction Conditions (the “SCRC”) of the Power and Water Procurement Licence (the “Licence”) granted to the Oman Power and Water Procurement Company SAOC (the “Licensee”).

The modification of the Licence is required to facilitate implementation of new four year price controls (effective from 1 January 2019) for the Licensee, which will include:

- (i) Efficient capital and operating expenditure allowances to ensure the Licensee is able to fulfil its statutory obligations (including meeting the continued growth in electricity and water demand);
- (ii) an annual efficiency (X) factor to incentivise the Licensee to operate more efficiently;
- (iii) introducing a separate Market Operator price control to reflect this new scope of activity to be undertaken by the Licensee as part of the prospective electricity spot market;
- (iv) a mechanism designed to mitigate against the risks to the Licensee from any payment delays; and
- (v) a new incentive mechanism designed to encourage a more efficient procurement and robust reporting of costs associated with project development.

The Licensee has agreed to the proposed modifications.

The Licence with the proposed modifications can be found on the Authority’s website (www.aer-oman.org) and is also available on the Public Register in the Authority’s offices.

Any Person with an objection to the proposed modification is invited to submit details of their objection to the Authority within 28 days from the date of publication of this Notice. Any objection submitted after the period stipulated in this Notice will not be considered. Objections shall be submitted to the following address: -

Director of Economic and Financial Affairs

Authority for Electricity Regulation, Oman

P.O.Box: 954, P.C: 133, Al Khuwair

Sultanate of Oman

enquiries@aer-oman.org

Fax: +968 24 609 701

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