ANNUAL REPORT 2009

هيئة تنظيم الكهرباء - عمان
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

The Authority established puesuant to
Article (19) of Royal Decree 78/2004
www.aer-oman.org

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AUTHORITY FOR ELECTRICITY REGULATION, OMAN

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His Majesty
Sultan Qaboos bin Said

Members, Directors and staff of the Authority offer
their sincere congratulations to His Majesty Sultan Qaboos bin Said
and to the citizens of the Sultanate of Oman on the occassion of
the 40th anniversary National Day celebrations.

CONTENTS

GLOSSARY OF TERMS

COST-REFLECTIVE TARIFF	Amounts charged by a Licensed Supplier for Supply where no Permitted Tariff exists, and where such tariffs are calculated each year on the basis and rules prescribed by the Authority;
CCGT	Combined Cycle Gas Turbines
CSP	Concentrated Solar Power
DPC	The Dhofar Power Company SAOG
EHC	The Electricity Holding Company SAOC
ERWS	Electricity and Related Water Sector
GCCIA	Gulf Cooperation Council Interconnection Authority
IPO	Initial Public Offering
MAIN INTERCONNECTED SYSTEM OR MIS	The interconnected systems of OETC, and the Muscat, Majan and Mazoon Discos
MAJAN	The Majan Electricity Company SAOC
MAZOON	The Mazoon Electricity Company SAOC
MAR	Maximum Allowed Revenue
MHEW	The Ministry of Housing, Electricity and Water
MUSCAT	The Muscat Electricity Distribution Company SAOC
OETC	The Oman Electricity Transmission Company SAOC
OMANISATION	The policy for the employment of Omani nationals as issued from time to time by the Government of Oman
PERMITTED TARIFF	Tariffs Customers are 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 the Sector Law
PAEW	The Public Authority for Electricity and Water
PWP	The Oman Power and Water Procurement Company SAOC
RAEC	The Rural Areas Electricity Company SAOC
RO	Rial Omani
ROP	Royal Oman Police
SCRC	Schedule Charge Restriction Condition
SALALAH IWPP	The Salalah Independent Power and Water Project
SECTOR LAW	The law for the regulation and privatization of the electricity and related water sector promulgated by Royal Decree 78/2004 as amended by Royal Decree 59/2009
RELATED WATER	Desalinated water in the Sultanate of Oman which is combined or co-located with the electricity sector and which is subject to regulation
THE AUTHORITY	The Authority for Electricity Regulation, Oman, being the authority established pursuant to Article (19) of the Sector Law as amended

CHAIRMAN'S FOREWORD

Oman's electricity and related water sector has experienced significant and sustained growth since the new market structure was implemented on 1 May 2005. In presenting our 2009 Annual Report, it is appropriate to acknowledge and highlight some of the main sector developments and achievements of the last five years:

1. Since 1 May 2005 the number of registered electricity customers has increased by over 100,000, reaching 630,767 in 2009;

2. Over the same period electricity Supply to customers increased by over 50% or 5 TWh to 14.5 TWh in 2009. To place this in context, 5 TWh is more than Muscat Electricity Distribution Company SAOC supplied in 2005;

3. Between 2005 and 2009 average electricity consumption per customer increased by 28% or 5,000 KWh. The annual rate of growth of electricity intensity is higher than the annual growth in customer connections. The Authority does not consider increases in electricity intensity of this magnitude to be sustainable and believes more needs to be done to promote energy efficiency;

4. MIS electricity and related water sector production capacity has increased by 1,055 MW (42%) and 254,622 m^3/day (92%) respectively since 1 May 2005 following the commissioning of the Sohar IWPP (590 MW and 134,622 m^3/day) in April 2007 and the SMN Barka IWPP (680 MW and 120,000 m^3/day) in November 2009;

5. Total electricity and related water sector employment (Direct and Contractor employees) increased by 35% from 4,796 to 6,494. Direct employment of electricity companies increased by 82% (from 1,080 in 2005 to 1,965 in 2009) with Omani nationals accounting for 74% of the increase;

6. There are welcome indications of improved efficiency: MIS losses declined from 25% in 2004 to just over 19% in 2009; gas required to generate 1 MWh at MIS production facilities declined from 378 Sm3 in 2005 to 329 Sm3 in 2009; and RAEC has increased the average kWh generated by a liter of diesel fuel from just over 3.36 kWh in 2005 to 3.48 kWh in 2009, a 3.6% increase;

7. Since 1 May 2005 the electricity sector has benefited from around 580 million Rial Omani of direct electricity subsidy and financial support: 425 million Rial Omani of MIS subsidy, 103 million Rial Omani of RAEC subsidy and 54 million Rial Omani of financial support for the Salalah System. Whilst the level of electricity subsidy has increased, on a per kWh basis MIS subsidy in 2009 (9.1 baisa per kWh) was lower than in 2006 (9.4 baisa per kWh) both in nominal and real terms. There is, however, strong upward pressure on subsidy due to the investment needed to accommodate demand growth and comply with policies such as undergrounding electricity cables and planning and security standards;

8. Electricity transmission and distribution systems benefited from 445 million Rial Omani of capital investment between 2005 and 2009, all of this investment was funded by government. Investment in new production facilities is funded by the private sector. Since 2005 private sector investment has funded a new Sohar IWPP and the SMN Barka IWPP. Further capacity funded by private sector investment will be provided by the Salalah IWPP when it commences operations in 2011, and two further IPP in Sohar (750 MW) and Barka (750 MW) that will commence early power operations in 2012;

9. Oman's electricity privatisation programme is widely regarded as the most successful in the region. In addition to fully funding new production facilities, the policy allows Omani citizens to share the benefits of privatisation through Initial Public Offerings (IPO) of shares sold through the Muscat Securities Market. Citizens have secured shares in the Dhofar Power Company SAOG (in May 2005) and the Sohar Power Company SAOC (in July 2008). Further IPO's are expected from the SMN Barka IWPP and Al Rusail. The government was itself a beneficiary of privatisation following the successful privatisation of the Al Rusail facility in December 2006.

Further details of electricity and related water sector activity in 2009 are presented in this the Authority's fifth Annual Report.

At the time of going to print the Sultanate was recovering from its second Tropical Cyclone (Phet) in 3 years (following Gonu in 2007). Cyclone Phet hit the east coast of Oman in early June causing considerable damage and disruption and some loss of life in the Muscat and Al Sharqia regions. The Authority extends its sincere condolences to all who suffered injury or loss as a result of the cyclone. The Authority wishes to acknowledge its appreciation for the way electricity sector companies worked to restore electricity supply in extremely adverse circumstances. A full assessment of damage caused by Cyclone Phet will be included in our 2010 report.

On behalf of Members and staff of the Authority I would like to express our gratitude to His Majesty Sultan Qaboos bin Said for his vision, guidance and leadership and to His Majesty's government for their continuing support.

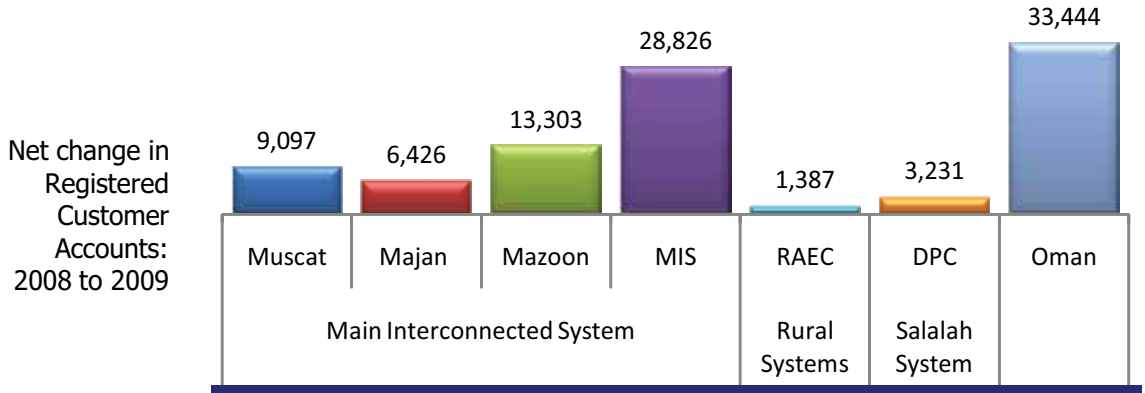
Dr. Saleh Al Alawi
Chairman
Authority for Electricity Regulation, Oman

ELECTRICITY & RELATED WATER SECTOR ACTIVITY AND STATISTICS

Customer Accounts

Registered electricity customer accounts in the Sultanate increased from 597,323 in 2008 to 630,767 in 2009, an increase of 5.6% (following a 4.7% increase in 2008). MIS customer accounts increased by 5.5% in 2009 (4.7% in 2008), RAEC customer accounts by 7.4% (6.2% in 2008) and Salalah system accounts by 6.2% (3.9% in 2008). Figure 1 and Table 1 of Annex C provide further details.

Figure 1: Registered Customer Accounts by Company – 2008 & 2009



	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
2008 Accounts	184,073	124,572	218,069	526,714	18,851	51,758	597,323
2009 Accounts	193,170	130,998	231,372	555,540	20,238	54,989	630,767
net change in Accounts	9,097	6,426	13,303	28,826	1,387	3,231	33,444
% change in Accounts	4.9%	5.2%	6.1%	5.5%	7.4%	6.2%	5.6%

Source: Company returns

The MIS contributed to 86% of the increase in total accounts (89% in 2008), RAEC 4% (unchanged from 2008) and DPC 10% (7% in 2008). Muscat, Majan and Mazoon accounted for 32%, 22% and 46%, respectively, of the increase in 2009 MIS accounts.

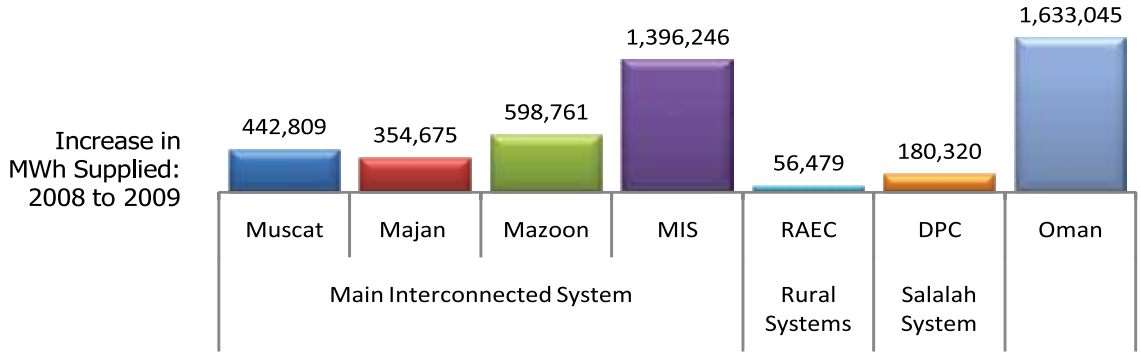
Residential accounts contributed to 78% of the 33,444 increase in total accounts, and Commercial accounts 16% of the increase. Government customers accounted for just 4% of new accounts.

Electricity Supply

Total electricity Supply to customers in the Sultanate in 2009 reached 14.5 TWh, a 12.7% increase on the 12.9 TWh supplied in 2008.

MIS Supply increased by 12.3% in 2009 reflecting growth in Supply by Muscat, Majan and Mazoon of 8.2%, 13.4% and 18.5%, respectively. RAEC Supply increased by 18.1% in 2009 and Supply from the Salalah Power System by 14.8%. Figure 2 and Table 2 of Annex C provide further details.

Figure 2: Electricity Supply by Company – 2008 & 2009



	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
2008 MWh	5,423,278	2,650,189	3,243,906	11,317,373	311,542	1,221,190	12,850,105
2009 MWh	5,866,087	3,004,864	3,842,668	12,713,619	368,021	1,401,510	14,483,150
net change in MWh	442,809	354,675	598,761	1,396,246	56,479	180,320	1,633,045
% change in MWh	8.2%	13.4%	18.5%	12.3%	18.1%	14.8%	12.7%

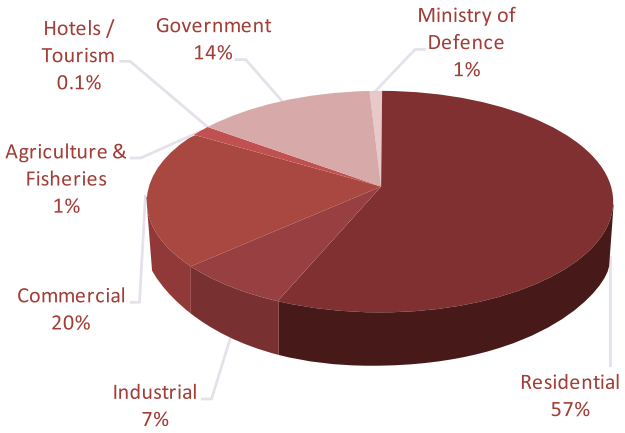
Source: Company returns

Figure 3 presents electricity Supply by tariff category for each of the three market segments in 2008 and 2009. Residential customers accounted for 54.7% of total 2009 Supply: 57% of MIS Supply, 52% of RAEC Supply and 40% of Supply from the Salalah Power System.

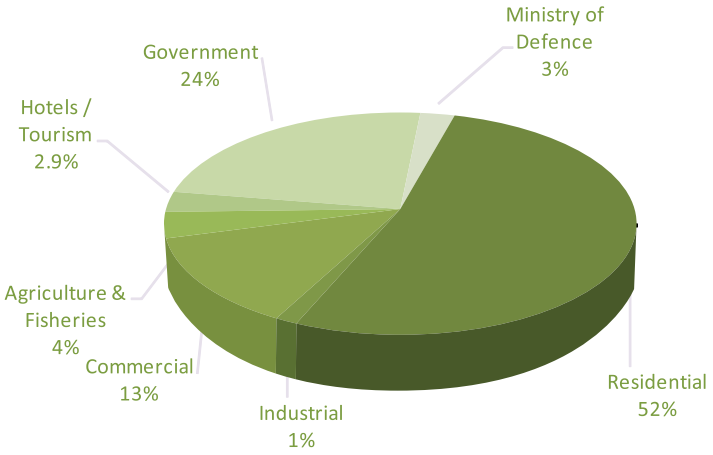
Commercial customers accounted for 19.8% of total Supply in 2009 and Industrial customers 8.1%. Supply to public sector accounts (Government and Ministry of Defence facilities) accounted for 15.9% of total Supply in 2009, continuing the downward trend noted in previous reports (19.1% in 2006, 17.3% in 2007, and 16.4% in 2008).

Figure 3: Electricity Supply by Tarff Category & System - 2008 & 2009

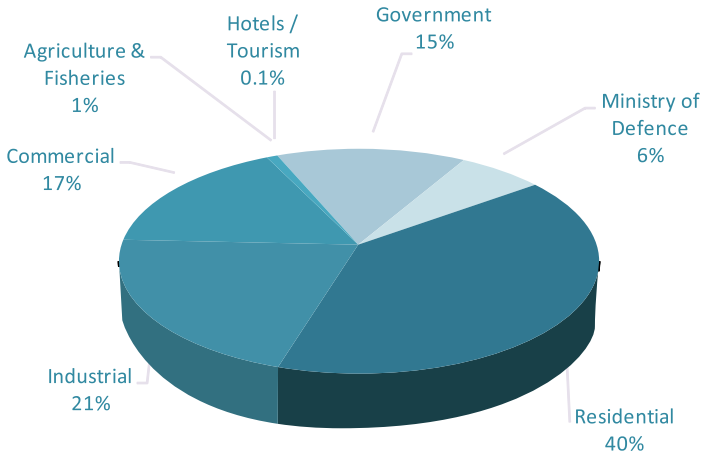
	Main Interconnected System			RAEC Rural Systems			Salalah Power System		
Regions	**2008 MWh**	**2009 MWh**	**% Change**	**2008 MWh**	**2009 MWh**	**% Change**	**2008 MWh**	**2009 MWh**	**% Change**
Residential	6,386,904	7,168,072	12%	165,400	192,226	16%	477,275	558,074	17%
Industrial	733,970	878,701	20%	3,306	4,994	51%	246,153	291,655	18%
Commercial	2,281,355	2,581,121	13%	37,072	48,239	30%	206,957	240,725	16%
Agriculture & Fisheries	145,093	165,719	14%	10,053	12,840	28%	13,058	8,025	-39%
Hotels / Tourism	17,359	17,759	2%	10,643	10,672	0%	1,731	1,579	-9%
Government	1,673,690	1,795,374	7%	76,219	89,600	18%	190,999	210,348	10%
Ministry of Defence	79,003	106,871	35%	8,849	9,450	7%	85,017	91,104	7%
Totals	**11,317,373**	**12,713,619**	**12%**	**311,542**	**368,021**	**18%**	**1,221,190**	**1,401,510**	**15%**



Main Interconnected System Supply by Tariff Category 2009



RAEC Systems Supply by Tariff Category 2009

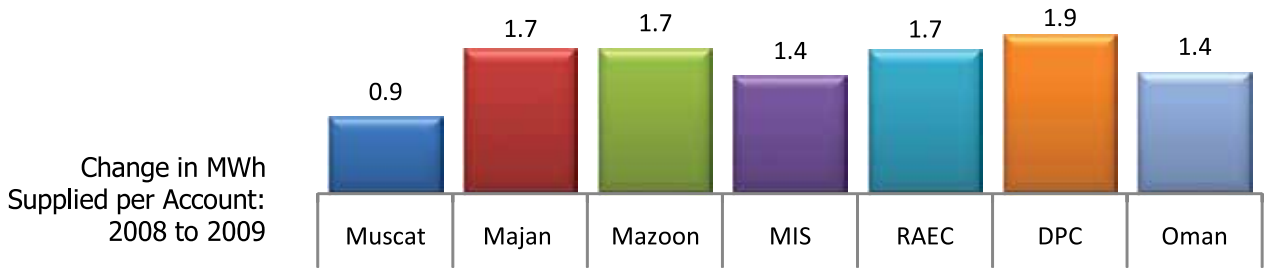


Salalah Power System Supply by Tariff Category 2009

Electricity Supply per Account

For the Sultanate as a whole, electricity intensity (MWh per account) increased by 6.7% from 21.5 in 2008 to 23 in 2009, please refer to Figure 4 and Table 3 of Annex C for details. MWh per account increased in most tariff categories, market segments and regions, confirming a general increase in electricity intensity throughout the Sultanate.

Figure 4: MWh Supplied per Registered Account – 2008 & 2009



	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
2008 MWh Supply/per Acct	29.5	21.3	14.9	21.5	16.5	23.6	21.5
2009 MWh Supply/per Acct	30.4	22.9	16.6	22.9	18.2	25.5	23.0
net change MWh S/per Acct	0.9	1.7	1.7	1.4	1.7	1.9	1.4
% change in MWh S/per Acct	3.1%	7.8%	11.6%	6.5%	10.0%	8.0%	6.7%

Source: Company returns

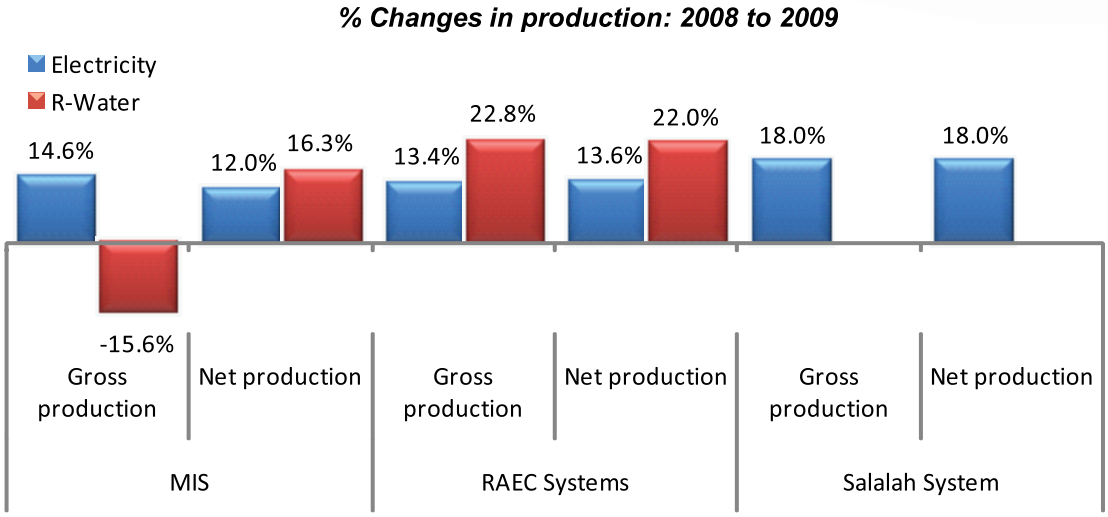
Electricity and Related Water Production – 2008 & 2009

Total gross electricity generation in 2009 reached 18.4TWh, 14.9% higher than in 2008, net generation (including PWP purchases) was 12.6% higher. Total related water gross production in 2009 declined by 0.6% to 113.3 million m^3 whereas related water net production increased by 16.4% to 116 million m^3.

Gross MIS generation increased by 14.6% in 2009, RAEC generation for rural systems by 13.4% and generation for the Salalah Power System by 18%. 2009 MIS net related water production was 16.3% higher than in 2008 and RAEC net related water production 22% higher.

Figure 5 and Table 6 of Annex C present further details of gross and net electricity and related water production in 2009.

Figure 5: Electricity & Related Water Production by System – 2008 & 2009



System	Item	Electricity GWh 2008	Electricity GWh 2009	% chng	Related Water '000 m3 2008	Related Water '000 m3 2009	% chng
MIS	*Gross production*	14,211.6	16,292.5	14.6%	133,174.3	112,350.3	-15.6%
	Net production	14,034.0	15,718.8	12.0%	97,078.4	112,929.0	16.3%
Rural Systems	*Gross production*	349.3	396.0	13.4%	742.7	912.3	22.8%
	Net production	325.8	370.2	13.6%	733.1	894.4	22.0%
Salalah System	*Gross production*	1,488.6	1,756.8	18.0%	n/a	n/a	
	Net production	1,469.2	1,734.1	18.0%	n/a	n/a	

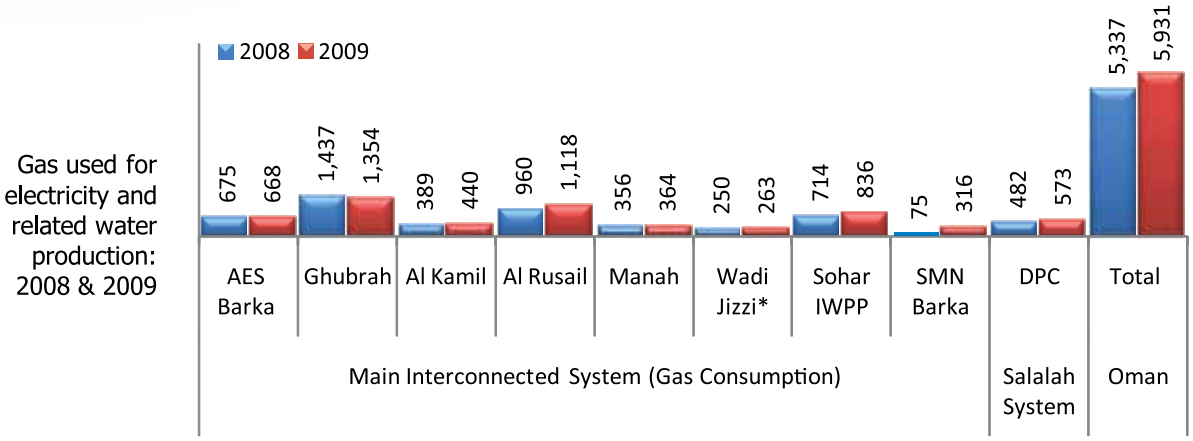
Source: Company returns

Gas Consumption

Major electricity and related water production facilities consumed 5,931 million Sm3 of natural gas in 2009, 11.1% more than in 2008. Increased gas use reflects increases in gross electricity production and net related water production of 14.7% and 16.3%, respectively.

The efficiency of gas used for electricity and related water production continues to improve: the specific gas consumption of MIS connected facilities declined from 439 Sm3/MWh in 1995 to 356 Sm3/MWh in 2008, a 19% reduction, and in 2009 declined further to 329 Sm3/MWh. Figure 6 presents details of gas consumption at major production facilities in 2008 and 2009.

Figure 6: Gas Consumption at Major Production Facilities: 2008 and 2009



Production Facility:	AES Barka	Ghubrah	Al Kamil	Al Rusail	Manah	Wadi Jizzi*	Sohar IWPP	SMN Barka	DPC	Total
2008 gas use: Sm3 10^6	675	1,437	389	960	356	250	714	75	482	**5,337**
2009 gas use: Sm3 10^6	668	1,354	440	1,118	364	263	836	316	573	**5,931**
% of total 2009 gas use	*11%*	*23%*	*7%*	*19%*	*6%*	*4%*	*14%*	*5%*	*10%*	***100%***
% change in gas use	*-0.9%*	*-5.8%*	*13.3%*	*16.4%*	*2.2%*	*5.2%*	*17.2%*	*320.3%*	*18.7%*	***11.1%***
% change in Gross Output: 2008 to 2009										
Electricity	*-0.6%*	*1.1%*	*12.9%*	*16.5%*	*3.1%*	*10.5%*	*7.2%*	*901.7%*	*14.9%*	***14.7%***
Related Water	*-6.1%*	*-8.4%*					*>100%*	*n/a*		***-0.7%***

Source: PWP & Company returns

* Wadi Jizzi Power Plant only, excludes OMCO units

Electricity & Related Water Sector Activity by Region - 2009

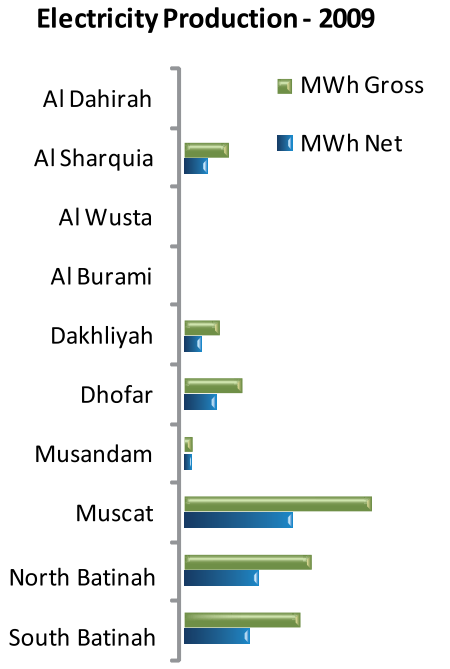
Figure 7 presents details of the regional distribution of electricity and related water sector activity in 2009.

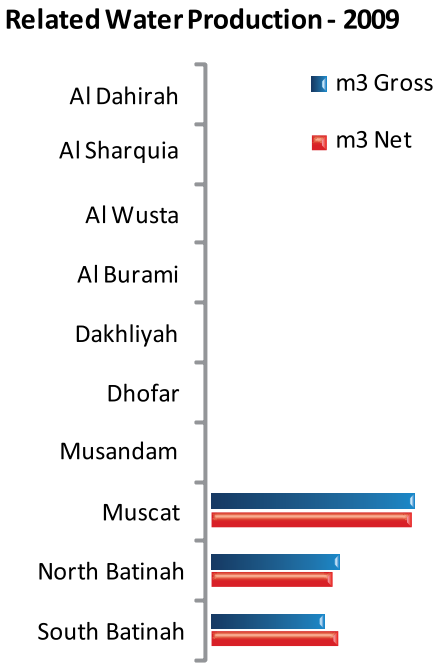
Muscat Governorate continues to account for a significant share of the Sultanate's electricity and related water sector activity: 33% and 45% of gross electricity and related water production, respectively, 41% of total electricity Supply and 31% of registered accounts. However, Muscat Governorate's shares of sector activities are lower than in 2008 reflecting increased activity in other regions. For example, gross electricity production in South Batinah was 42.7% higher than in 2008, electricity generation in Al Wusta and Dhofar regions was 22.4% and 18.4% higher, respectively.

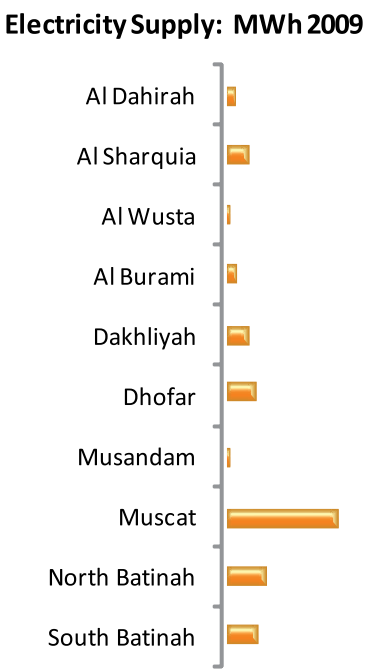
Increased electricity and related water sector activity across regions reflects the government's policy commitment to promote economic development in all regions of the Sultanate. The electricity and related water sector has a responsibility to ensure electricity is available to sustain and support this policy.

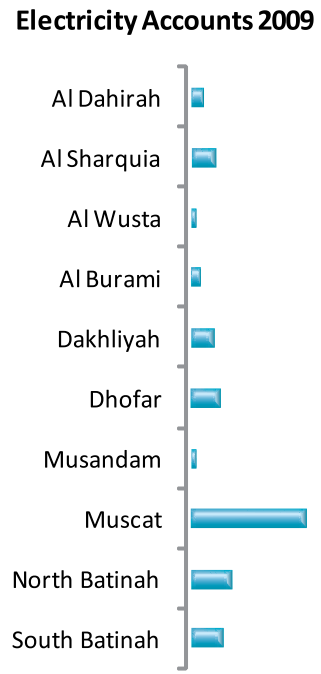
Figure 7: Activity by Region (Production, Supply, Accounts and MWh per Account) - 2009

	Electricity Production		Related Water Production		Electricity Supply & Accounts		
Regions	MWh Gross	MWh Net	m3 Gross	m3 Net	MWh Supplied	Accounts	MWh per Account
Al Dahirah	516	470			499,291	30,922	16.1
Al Sharquia	1,336,465	1,314,631	763,000	751,250	1,134,625	82,899	13.7
Al Wusta	53,080	62,291	60,924	58,530	106,887	7,158	14.9
Al Burami					462,102	24,175	19.1
Dakhliyah	1,056,024	1,045,115			1,147,347	69,248	16.6
Dhofar	1,842,577	1,818,862	33,852	33,612	1,488,569	58,475	25.5
Musandam	217,547	203,731	54,529	51,037	174,075	9,594	18.1
Muscat	6,094,587	5,860,263	51,398,766	50,463,598	5,866,087	193,170	30.4
North Batinah	4,091,527	4,029,253	32,380,178	30,319,312	2,043,473	75,901	26.9
South Batinah	3,752,974	3,488,464	28,571,394	32,146,085	1,560,695	79,225	19.7
Totals	**18,445,297**	**17,823,080**	**113,262,643**	**113,823,424**	**14,483,151**	**630,767**	**23.0**







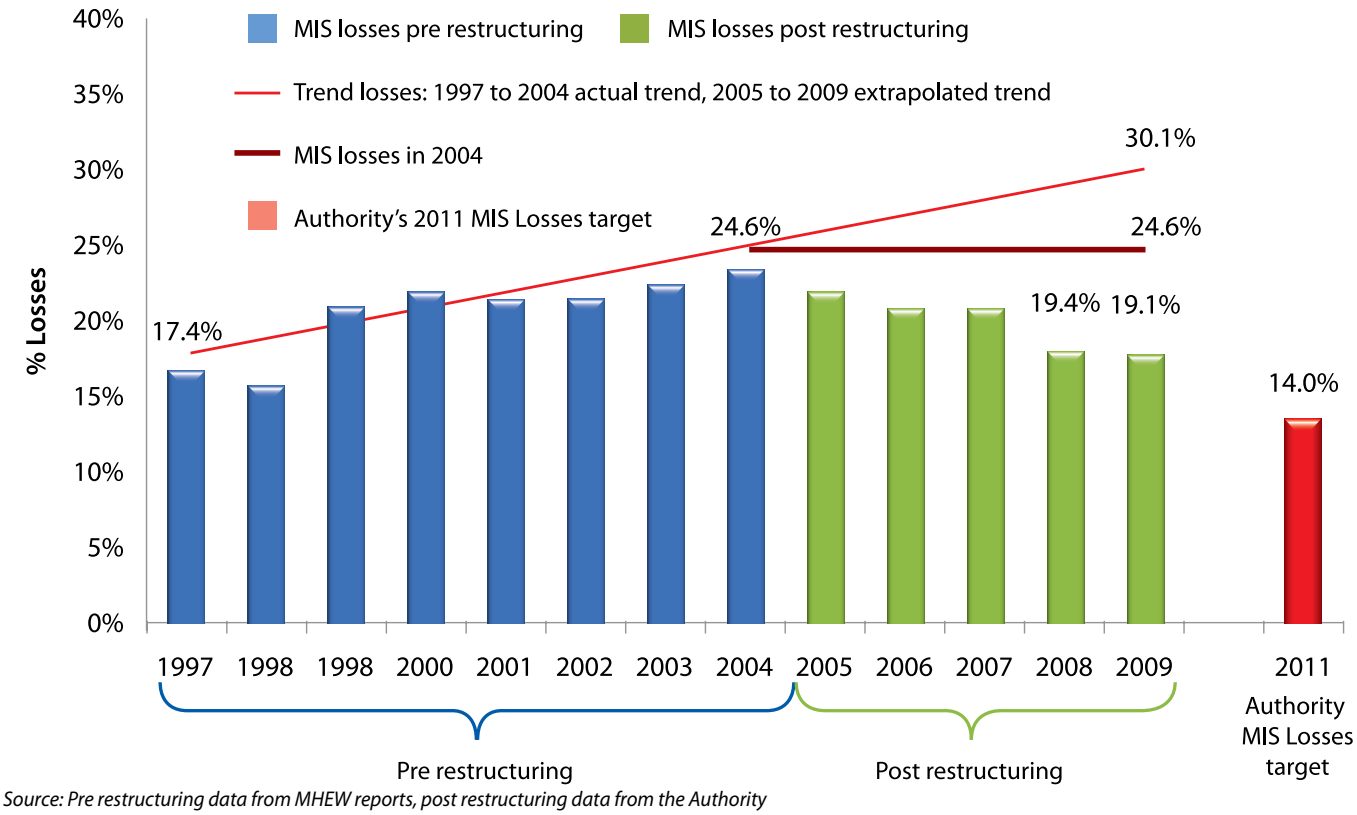


System Losses

Technical and non-technical losses accounted for 18.9% of total units entering electricity systems in the Sultanate in 2009, a marginal improvement on the 19% losses in 2008. 2009 MIS losses reduced to 19.1% from a corrected 19.4% in 2008, RAEC losses declined to around 10% whereas losses from the Salalah Power System increased from 16.9% in 2008 to 19.2% in 2009 as a result of operating the system in stressful conditions.

The Authority views system losses as a performance indicator of efficiency. Figure 8 confirms annual reductions in MIS losses since 2005: while these reductions are welcome the rate of reduction is slower than expected.

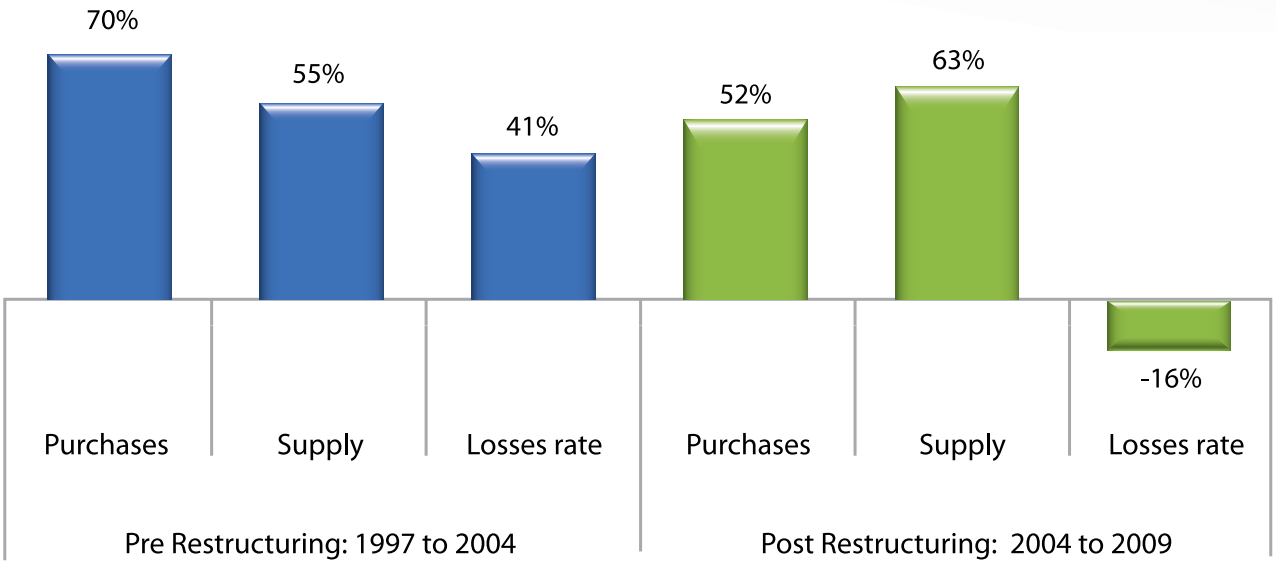
Figure 8: MIS (technical and non-technical) Losses 1997 to 2009, 2011 Losses Target



Source: Pre restructuring data from MHEW reports, post restructuring data from the Authority

Between 1997 and 2004 (pre-restructuring) MIS equivalent losses increased steadily from 17.4% to 24.6%. Over the same period, electricity purchases (net MWh entering systems) increased by 70% and Supply to customers by 55%. Had the trend increase in MIS losses between 1997 and 2004 continued through to 2009, MIS losses in 2009 would have reached 30%, over ten percentage points higher than actual MIS losses in 2009. Between 2004 and 2009 MIS losses fell from 24.6% to 19.1%, a 16% reduction in the losses rate whereas electricity purchases increased by 52% and Supply to customers by 63% over the same period. Figure 9 summarises these performance measures pre and post electricity sector restructuring.

Figure 9: Change in MIS Purchases, Supply and Losses rate pre and post restructuring



Source: Pre restructuring data from MHEW reports, post restructuring data from the Authority

The Authority considers the losses reductions to be a direct result of the electricity sector restructuring, an indication of improved efficiency and a source of significant cost savings.

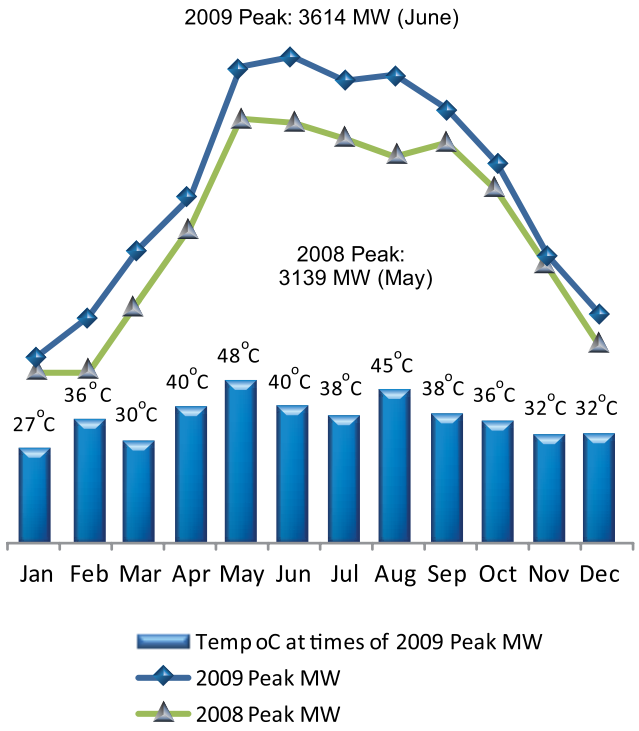
The Authority has set an intermediate 2011 MIS losses target of 14%, this is shown in Figure 8. From 2009 the new price controls of Muscat, Majan and Mazoon do not provide subsidy for actual losses above agreed benchmarks. Licensees have a clear and strong incentive to reduce losses as they retain the financial benefits of reducing actual losses by more than the benchmark amounts but are penalised if they fail to meet the benchmarks.

The Authority has a long term target for MIS technical losses of 7% to 9%.

System Peak Demands: MIS and Salalah Power System

Figure 10 presents monthly MIS peak demands in 2008 and 2009.

Figure 10: Main Interconnected System Peak Demand - 2008 & 2009

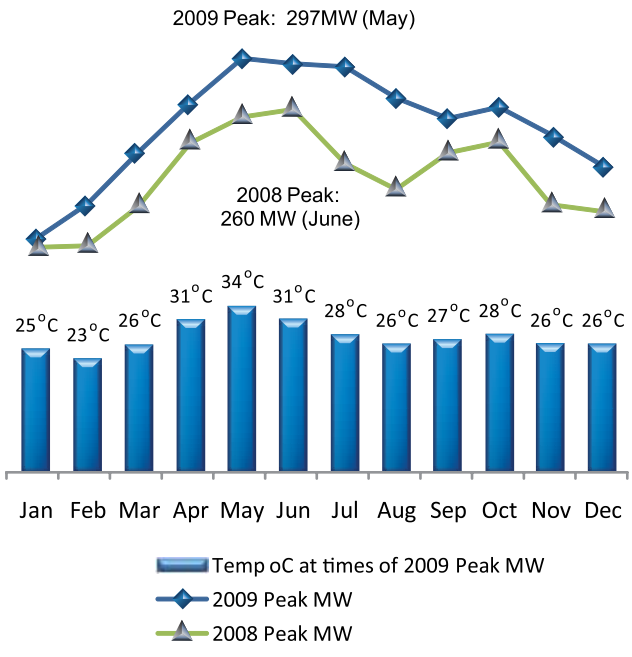


	2008 Peak MW	2009 Peak MW	% change	Temp °C at times of 2009 Peak MW
Jan	1,198	1,330	11%	27
Feb	1,199	1,623	35%	36
Mar	1,755	2,146	22%	30
Apr	2,316	2,554	10%	40
May	3,139	3,546	13%	48
Jun	3,122	3,614	16%	40
Jul	2,989	3,429	15%	38
Aug	2,855	3,476	22%	45
Sep	2,958	3,217	9%	38
Oct	2,592	2,811	8%	36
Nov	1,991	2,089	5%	32
Dec	1,421	1,656	17%	32
Max MW	**3,139**	**3,614**	**15%**	

Source: OETC

Figure 11 presents Salalah Power System monthly peak demands in 2008 and 2009.

Figure 11: Salalah Power System Peak Demand - 2008 & 2009



	2008 Peak MW	2009 Peak MW	% change	Temp °C at times of 2009 Peak MW
Jan	160	167	4%	25
Feb	162	192	19%	23
Mar	191	229	20%	26
Apr	236	265	12%	31
May	255	297	17%	34
Jun	260	294	13%	31
Jul	221	291	32%	28
Aug	203	269	32%	26
Sep	229	254	11%	27
Oct	237	262	11%	28
Nov	192	242	26%	26
Dec	186	219	18%	26
Max MW	**260**	**297**	**14%**	

Source: DPC SAOG

New Capacity in 2009

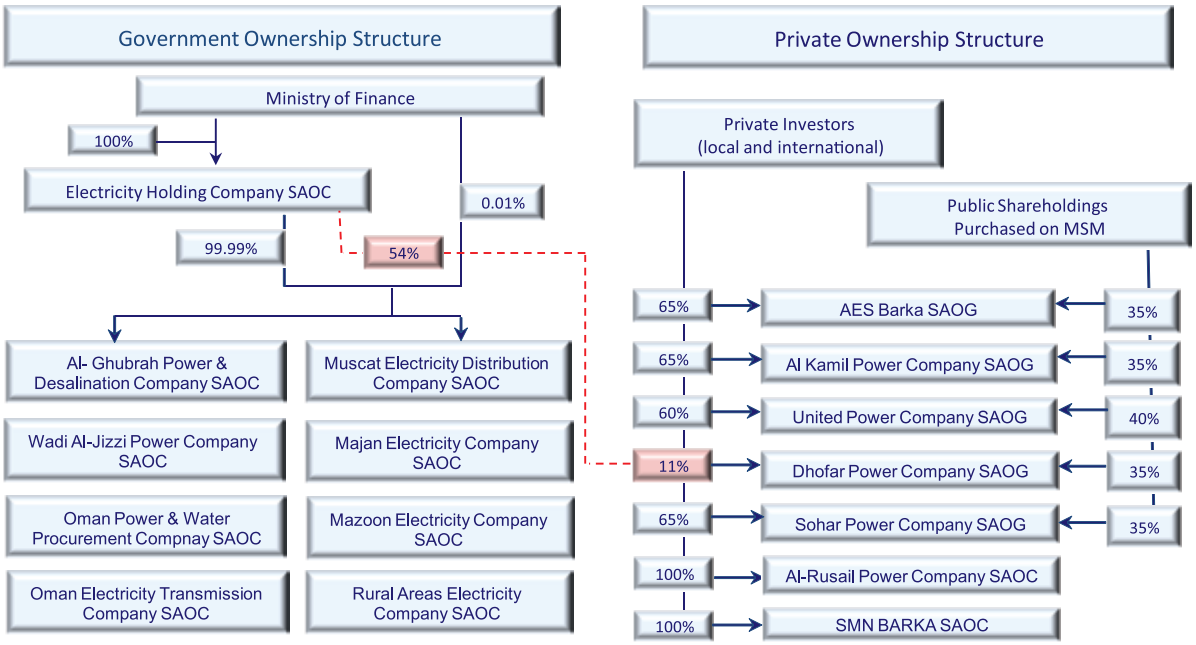
MIS net electricity generating contracted capacity increased to 3,700MW in 2009 following full commercial operation of the SMN Barka facility that provides 680MW of net power capacity and 120,000 m3 per day of desalination capacity.

RAEC continues to expand its operations in rural areas and in 2009 commissioned a new 1.9 MW production facility in Dhafrat in Al Wusta.

Electricity & Water Sector Ownership

In 2009 the Electricity Holding Company SAOC acquired a 54% shareholding (10.6 million shares) in the Dhofar Power Company SAOG leaving private shareholders with 11% of DPC shares and 35% traded on the Muscat Securities Market. The Authority hopes EHC's shareholding will facilitate the anticipated restructuring of the Salalah Concession Agreement to align the electricity market in Salalah with the market structure elsewhere in Oman.

Figure 12: Electricity & Related Water Sector Ownership - 2009



The ownership structure of the electricity and related water sector at the end of 2009 is as shown in Figure 12.

Approved Projects and Capital expenditure

Licensed system operators (OETC, Muscat, Majan, Mazoon and RAEC) approved 381 new projects in 2009, with a total value of 177 million RO. Figure 13 presents details of approved projects by Licensee, region and value.

Figure 13: Project Approvals by Licensees in 2009

		Company						
Region		OETC*	Muscat	Majan	Mazoon	RAEC	**Totals**	% Total
Al Dahirah	RO	27,277,094		1,695,866		461,936	**29,434,896**	16.6%
Al Sharqiya	RO	1,388,961			4,362,010	1,605,688	**7,356,659**	4.1%
Al Wusta	RO					38,584,205	**38,584,205**	21.7%
Dakhiliya	RO				5,805,624	404,220	**6,209,844**	3.5%
Dhofar	RO					8,913,449	**8,913,449**	5.0%
Musandam	RO					1,748,027	**1,748,027**	1.0%
Muscat	RO	30,058,492	14,152,139			377,436	**44,588,067**	25.1%
North Batinah	RO	159,100		4,487,836			**4,646,936**	2.6%
South Batinah	RO	26,323,032			5,001,655		**31,324,687**	17.7%
Other**	RO			146,631	4,446,622		**4,593,253**	2.6%
Total Value:		***85,206,680***	***14,152,139***	***6,330,332***	***19,615,911***	***52,094,961***	**177,400,023**	
% of Total		**48.0%**	**8.0%**	**3.6%**	**11.1%**	**29.4%**		
Number of Projects		23	77	49	160	72	**381**	

Source: Company returns

* Projects are categorised in the region where the project will commence

** Other: includes material costs and any other costs that are not specific to one region

OETC accounts for 48% of approved projects by value, the highest share of all Licensees, followed by RAEC (29%), Mazoon (11%), Muscat (8%) and Majan (4%).

In terms of regional investment, the 44.6 million RO of investment in the Muscat region accounts for 25% of total approved projects by value.

All regions will benefit from the electricity sector investments approved in 2009 confirming the widespread scope of electricity related activities throughout the Sultanate.

Employment & Omanisation

The Authority undertakes an annual survey of electricity and related water sector employment and Omanisation. This section presents information from the 2009 survey on Direct and Indirect (contractor) employment by entity, by grade, by regulated activity and region, and nationality (Omani nationals and expatriates).

Total sector employment (Direct and Indirect) in the electricity and related water sector is increasing in line with demand and output. Total employment has risen from 5,101 in 2005 to 6,494 in 2009, a 27% increase. Total sector employment was 4.1% higher in 2009 than in 2008, see Figure 14.

Figure 14: Total ERWS Employment by Type and Function – 2008 & 2009

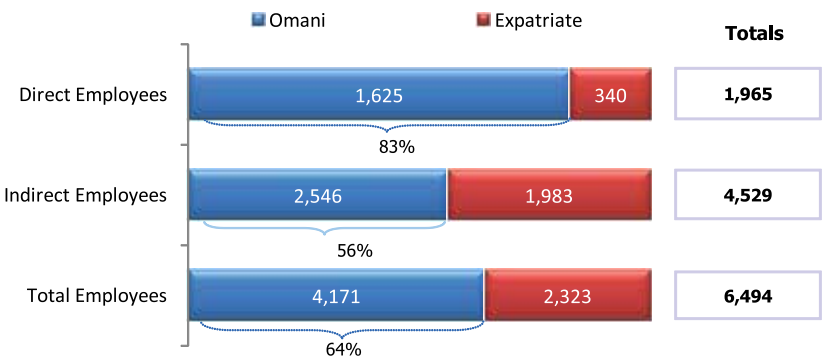
		2008			2009		
Type	Function	Omani	Expatriate	Total	Omani	Expatriate	Total
Direct	Admin & Supervisory	419	44	463	597	58	655
	Managerial	120	46	166	113	44	157
	Operations	310	117	427	142	44	186
	Technical	626	178	804	643	190	833
	Others	91	4	95	130	4	134
Direct Total		**1,566**	**389**	**1,955**	**1,625**	**340**	**1,965**
Contractor	Admin & Supervisory	494	175	669	554	214	768
	Managerial	39	85	124	41	72	113
	Operations	905	214	1,119	903	363	1,266
	Technical	466	1,100	1,566	501	1,173	1,674
	Others	693	113	806	547	161	708
Contractor Total		**2,597**	**1,687**	**4,284**	**2,546**	**1,983**	**4,529**
Total Employment		**4,163**	**2,076**	**6,239**	**4,171**	**2,323**	**6,494**
% Change on 2007					*-2.0%*	*17.5%*	*4.1%*

Source: Authority 2009 employment survey

Figure 15 shows the Omanisation share of Direct and Indirect employment in 2009.

Figure 15: ERWS Employment & Omanisation – 2009

	Omani	Expatriate	Total	% Omani
Direct Employees	1,625	340	1,965	83%
Indirect Employees	2,546	1,983	4,529	56%
Total Employees	**4,171**	**2,323**	**6,494**	**64%**



Source: Authority 2009 employment survey

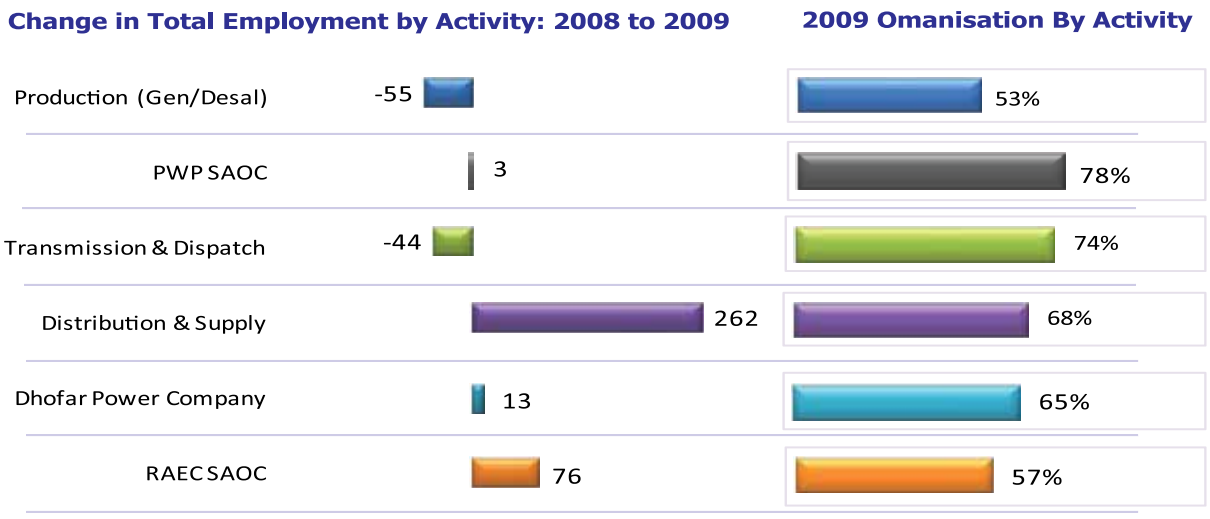
Omani nationals accounted for 83% of total Direct employment in 2009 (80% in 2008), and 56% of Indirect employment (61% in 2008) equating to a sector Omanisation rate of 64%, 3 percentage points lower than the 67% rate of sector Omanisation in 2008.

The Authority's annual employment survey highlights changes in the underlying composition of electricity and related water sector employment, see Figure 16:

- Direct employment accounted for 30% of total sector employment In 2009, and Indirect employment 70%;
- There was a net increase in total employment of 255 in 2009;
- The reduction in OETC employment reflects lower Indirect employment (69 fte) and higher Direct employment (25 fte), with 75% of the increase in Direct employment attributable to Omani nationals;
- The 262 net increase in Distribution and Supply employment reflects a 12% increase in Indirect employment (from 1812 to 2032) due to the increased number of projects being implemented by these licensees; and
- Distribution and Supply licensees accounted for 74% of the increase in 2009 total employment, RAEC accounted for 21% of the increase.

Figure 16: Employment & Omanisation by Activity – 2009

Employment by Activity	Omani	Expatriate	Total	% Omani
Production (Gen/Desal)	489	430	919	53%
PWP SAOC	38	11	49	78%
Transmission & Dispatch	410	142	552	74%
Distribution & Supply	2,379	1,142	3,521	68%
Dhofar Power Company	215	115	330	65%
RAEC SAOC	640	483	1,123	57%
Totals	**4,171**	**2,323**	**6,494**	**64%**



Source: Authority 2009 employment survey

The Authority extended the 2009 employment survey to collect information on Direct employment issues such as female participation, employee turnover, retention rates, spending on training and recruitment challenges. Survey findings are summarised in Regulatory Focus #1of this report and a full tabular presentation of 2009 ERWS employment is presented in Annex F.

Electricity & Related Water Sector Issues - 2009

Overseas visits

The Authority participated in a number of overseas visits in 2009:

1. In June 2009 the Authority's Executive Director travelled to Seoul as a guest of the Korean overseas trade association (KOTRA) to meet Korean companies seeking renewable energy related investment opportunities in Oman;
2. Between the 18th to 21st October 2009 Qais Al Zakwani, the Authority's Deputy Executive Director, attended the World Forum on Energy Regulation in Athens, Greece. The Forum attracted high level and experienced regulators from many countries to discuss the further development of independent utility regulation and the role customers play as a market driver of energy demand and services in developed countries; and
3. In November 2009 the Authority joined an Oman delegation participating in the Third Concentrating Solar Power Summit in Seville, Spain. The visit provided valuable insights to approaches adopted by other countries to promote large scale solar projects.

Audits

Environmental Audits

During 2009 the Authority conducted environmental audits of OETC, Muscat, Majan and Mazoon. The audits, led by a specialist consultant (WSP) and supported by the Technical Directorate, reviewed the environmental management functions of each business, and compliance with environmental laws and regulations. The audits identified a generally low level of environmental awareness and compliance for each Licensee. The audit reports provided to Licensees included guidance and recommendations for improvement. The Authority will follow up and monitor Licensee compliance with each of the respective audit findings throughout 2010.

Health and Safety Audits

The Authority retained an experienced and independent consultant (KEMA) to conduct rigorous and thorough Health and Safety (HSE) audits of Muscat and RAEC. The HSE audits scrutinised each Licensee's Health and Safety Culture at all levels and included meetings with the Board Chairperson, senior management, and safety managers and officers in the field. The audits reviewed all safety documents including HSE Policies, rules, procedures, plans, equipment standards, etc. Documentation was assessed against HSE laws and regulations. Audit conclusions for Muscat and RAEC are summarized below.

Muscat HSE Audit 2009

The Audit concluded Muscat was not complying with its Health and Safety obligations under relevant laws and the company's Licence. A key conclusion was that certain failings exposed the public, Muscat staff and contractors to unacceptable risks. The audit report included 44 detailed recommendations in the form of 9 immediate actions, 17 short term actions and 18 longer term actions.

RAEC HSE Audit 2009

The Audit concluded RAEC was not complying with its Health and Safety obligations under relevant laws and the RAEC Licence. A key conclusion was that certain failings exposed the public, RAEC staff and contractor's to unacceptable risks. The audit found that some power plant and equipment RAEC inherited from MHEW did not comply with modern safety practices, rules and legislation and that RAEC was developing new stations using outdated and inappropriate designs. The Audit report included 43 detailed recommendations in the form of 13 immediate actions, 19 short term actions and 11 longer term actions.

Follow up of corrective actions

The Authority agreed action plans with Muscat and RAEC to implement corrective actions and holds monthly meetings with each Licensee to monitor the implementation of the action plans. In addition to providing support to each Licensee, the meetings ensure a strong focus is maintained on key HSE issues.

Fatal Incident investigations

The Authority investigated three fatal incidents during 2009.

Incident near Al-Harthy Complex on 27 September 2009

At around 03:00 on the 27th of September 2009 a workman was found dead near a structure supporting flood lights on the Federici Stirling Batco L.L.C site near the Al Harthy Complex in Qurum. The Authority was asked by the Public Prosecution Office to investigate the incident. The investigation found that the electrical system was poorly installed and did not comply with Oman Electrical Standard OES 4. Additional flood lights installed on the site were mounted on a metal structure that was live at 240 V. The workman received an electric shock following contact with that structure.

The Authority issued its report to the Public Prosecution Office and in light of the investigation findings is considering options for monitoring and enforcing OES compliance on construction sites. The Authority asked the Oman Society of Contractors to remind its members of the obligation to comply with Oman Electrical Standard 4 (requiring electrical wiring at construction sites to be implemented in a safe manner).

Lima Incident at Lima on 21 November 2009

At around 09:00 on 21 November 2009 on a RAEC network in Lima, Khasab two linemen from United Engineering Projects were connecting a new customer from a nearby Low Voltage overhead line. The lineman fell from a pole sustaining fatal injuries. The Authority initiated a formal investigation and informed the Public Prosecution Office. The investigation found that the deceased had been wearing a safety belt but had at some point un-strapped it from the pole. The autopsy found no physical evidence of electrocution and the cause of the fall could not be determined. The investigation identified shortfalls in the management of Health and Safety within RAEC and noncompliance with RAEC Safety Rules.

The Authority issued its report on 15 February 2010 and sent a copy to the Public Prosecution Office.

Incident at Liwa, Al Zahiyah on 20 December 2009

On 20 December 2009 in the village of Al Zahiyah in Liwa on the Majan network a 17 year old boy was electrocuted following contact with a live suspended stay wire that had become disconnected from its ground connection and touched live parts of a Drop out fuse terminal. The Authority initiated a formal investigation into the incident. The time at which the stay wire became disconnected from its ground connection could not be established. However, the investigation concluded that the Oman Electrical Standards did not provide sufficiently clear guidance on the design criteria for determining the location of stay insulators. This incident also highlighted how vandalism can compromise the safety of electrical assets. The investigation identified some post incident failures by Majan in relation to compliance with the Majan Safety Rules and the Distribution Code.

The Authority issued its investigation report on 1 February 2010 following which the Public Prosecution Office filed charges against a Majan Operation Engineer.

Seeb Main blackout Incident 29 April 2009

A fault on 132/33kV transformer #1 at Seeb Main grid station resulted in a major loss of supply to customers in Seeb on the evening of 29 April 2009. The Authority investigated the incident and found that the failure was due to an internal transformer fault that could not easily be repaired, forcing OETC to replace the transformer. OETC did this in less than three and a half days, during which OETC and Muscat shifted load to other substations to avoid further load shedding. The Authority's investigation report recognised OETC's impressive performance when replacing the damaged transformer, but highlighted deficiencies in the operation and maintenance procedures followed.

Fire at Bousher Grid Substation: 19 October 2009

On 19 October 2009 a fire broke out at 3:20 am at Bousher Grid Substation resulting in a complete loss of electricity Supply to areas served by 8 Muscat primary sub stations affecting 19,000 customers. Emergency services attended the scene and the fire was extinguished by 8:30 am. The fire destroyed one of the three transformers at the grid sub-substation. Damage to 132 kV cables delayed the return to service of two transformers that were undamaged. OETC and Muscat worked quickly to restore Supply. The Ansab Sewage Treatment Plant and the Ministry for Defence allowed their diesel units to generate and Supply customers in affected areas. The Authority is extremely grateful for this cooperation.

OETC Incidents at Al Ghubrah on 28 October 2009 and 8 November 2009

On 28 October 2009 a fault on the OETC transmission system resulted in Al Ghubrah power station becoming disconnected from the grid causing supply interruptions to customers in the Ghubrah area. Approximately 60 MW of demand was shed during the incident. On 8 November, an attempt by OETC to reenergise the feeder damaged in the first incident resulted in widespread Supply interruptions in Muscat, and the disconnection of transmission plant and generation as far away as Barka and Jahloot. The Authority engaged a specialist consultant (Vector Power Solutions) to investigate both incidents, and any latent deficiencies in the design, operation and maintenance of the OETC network that may have contributed to the failures.

The investigation identified several problems, including protection design problems that had remained dormant in the system since being commissioned by MHEW, operational issues, and resourcing issues within the OETC protection department. Initial recommendations for immediate short-term corrective actions were sent to OETC on 16 December 2009. The Authority presented the investigation findings to the OETC Board and senior management on 22 February 2010.

The "Summer 2009 Executive Task Team" (ETT-2009) worked to minimize the risk of power supply interruptions during summer 2009. The ETT-2009 helped secure full generating capacity from the SMN Barka II power plant before 2009 summer peak demand and the installation of reactive compensation at various locations on licensed systems.

Executive Task Team Summer 2010

In June 2009 the Authority established an Executive Task Team (ETT-2010) chaired by the Executive Director of the Authority and senior management representatives of Licensees and PAEW. The ETT's principal remit is to identify actions to be taken by Licensees to safeguard the security of electricity supply in 2010 and 2011. No new IPP / IWPP MIS contracted capacity will be commissioned in 2010 and 2011 and as electricity demand growth remains strong, the Authority is concerned that a shortfall of firm generation capacity may have serious implications for system security and electricity supply. In November 2009, the Authority appointed a consultant (SKM) to identify locations where generation could be safely installed before May 2010. OETC prioritised sites to secure maximum benefit to the total system and PWP floated a tender for 117MW of temporary generation at the selected sites in 2010.

PAEW

Two laws promulgated in 2009 confirmed the functions and duties of PAEW and its relationship with the Authority:

1. Royal Decree 58/2009 confirms the rules applicable to PAEW, its objectives, management structure and financial system; and

2. Royal Decree 59/2009 amends certain provisions of the Sector Law, as follows:

   I. A Strategic Investment Decision is defined as a PAEW decision requiring investment in regulated activities in the public interest;

   II. Research and Development Projects are defined as experimental research projects related to regulated activities to assist the introduction of new technologies;

   III. An amendment to Article (25) of the Sector Law requires the Authority to respond to PAEW requests for consultation and support for the restructuring of the unrelated water sector; and

   IV. An amendment confirming PAEW's right to approve and publish criteria for Research and Development Projects after coordination with the Authority. The Authority is required to consult with Licensees and Exemption Holders who may be affected by a Research and Development Project and assist the implementation of such projects (see Article (122) of the amended Sector Law).

Renewable Energy & Energy Efficiency Seminar

In May 2009 the Authority hosted seminars on Renewable Energy (10th & 11th May) and Energy Efficiency (12th May) at the Al Bustan Palace hotel in Muscat. The renewable energy seimnar was opened by HE Mohammed Nasser Al Khasibi, Secretary-General MNE and the energy efficiency seminar by HE Mohammed Al Mahrouqi, PAEW Chairman.

The seminars included presentations by international experts and workgroup discussions that focused on practical aspects of energy efficiency and renewable energy initiatives successfully implemented in other jurisdictions. The seminars brought together international industry experts, members of the public, policy makers and government officials as well as private sector developers (photographs of the event are shown in Annex E).

The seminars highlighted a number of important renewable energy initiaties that follow recommendations in the Authority's 2008 renewable energy study: the Authorty announced details of its pilot project initiative whereby developers were invited to present proposals for hybrid renewable-diesel projects connected to a RAEC rural system. PAEW confirmed the appointment of international consultants to conduct a feasibility study for what would be the Sultanate's first large solar project. Results of the fesibility study are expected to be presented to PAEW in 2010.

Water Sector Restructuring

On 2 June 2009 at its session 18/2009 the Council of Ministers approved recommendations for the future restructuring and regulation of the water sector. The Council confirmed the respective roles and responsibilities of the Ministry of Regional Municipalities and Water Resources, the Public Authority for Electricity and Water, the Electricity Holding Company SAOC and the Oman Power and Water Procurement Company SAOC. The Authority was assigned a number of important responsibilities including the role of water sector regulator responsible for the issuance and implementation of regulatory systems pertaining to cost recovery mechanism, quality of service and consumer relations.

PAEW Consultation on a possible coal IWPP

In June 2009 PAEW initiated consultation on the possible implementation of a coal fired IWPP in Oman. In its response to the consultation the Authority agreed with PAEW that a decision to proceed with a coal IWPP should consider the environmental implications and how environmental compliance costs might increase the economics of coal fired generation. The Authority proposed that the electricity water sector be afforded a higher priority in gas allocation decisions as this would help avoid the need to use coal in the medium term.

Public Consultation: Cost Reflective Tariffs

In October 2009 the Authority initiated public consultation on proposals for Cost Reflective Tariffs for large consumers of electricity. The Authority is considering responses to the Consultation (including from public and private sector entities, electricity consumers and potential investors) and remains committed to implementing Cost Reflective Tariffs as soon as possible. Few changes are envisaged to the tariff proposals outlined in the Consultation Paper. The Authority expects to publish a consolidated response to all consultation responses and its final tariff proposals in 2010.

Renewable Energy Initiative: Pilot Projects

In 2008 the Authority published a Renewable Energy Study that confirmed the availability of solar and wind energy resources in the Sultanate. The Authority accepted a Study recommendation for pilot projects in rural locations presently supplied by RAEC diesel generation and invited developers to submit pilot project proposals.

During 2009 the Authority received and evaluated proposals from 12 developers for a total of 35 pilot projects with potential aggregate capacity of around 48.7 MW: 2 wind projects with total capacity of 4.7 MW and 33 solar projects with aggregate capacity of 44 MW. Proposals were submitted by Omani entities, and developers from Japan, Turkey, South Korea, Holland, Germany, and the United States.

In April 2010 the Authority published a shortlist of six pilot projects (see www.aer-oman.org for details) and is discussing their implementation with RAEC and project developers. The Authority is grateful to RAEC for the valuable assistance and support provided to developers during the evaluation process.

Oman Youth Summit

Between the 7th and 9th December 2009, the Deputy Executive Director attended the first Oman Youth Summit at the Al Nahda resort in Barka to participate in a discussion about energy diversity and security.

RAEC Electrification Funding

Article (87) of the Sector Law provides a mechanism by which the Authority approves funding for rural area electrification. No applications were submitted by RAEC for electrification funding in 2005 and 2006, since when the RAEC Board and management have submitted requests for 41 electrification projects with a total value of 81 million RO. The Authority has confirmed Article (87) approval for 15 projects with a total value of 60 million RO (74% of requested funding) of which 49 million RO provided RAEC with funding for a new 70 MW diesel station and distribution system in Al Duqum.

REGULATORY FOCUS #1: EXTENDED DIRECT EMPLOYMENT SURVEY

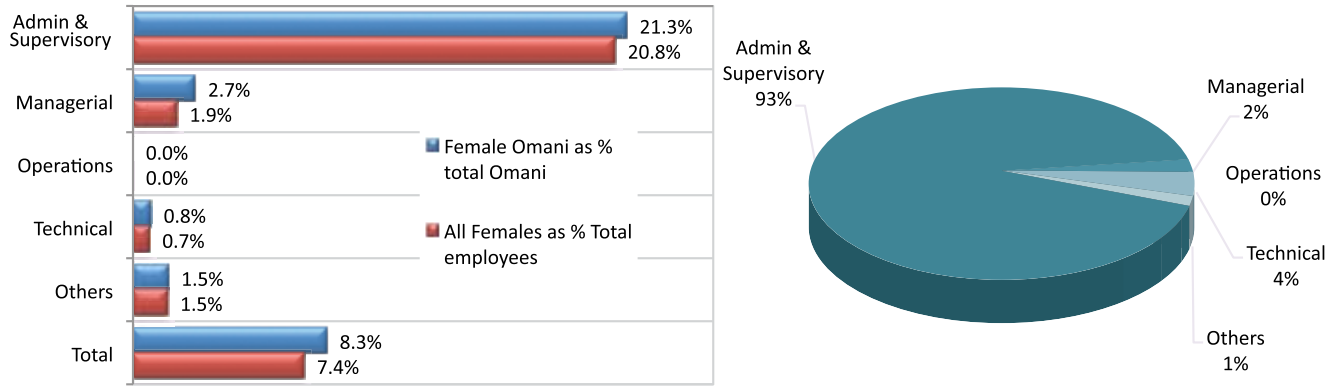
To mark the fifth year of the new electricity and related water sector structure the Authority extended the scope of its annual employment survey to gather additional information on Direct employment issues such as female participation, staff turnover and employment duration, skill shortages and staff training expenditure. The Authority retained Arabian Research Bureau LLC ("ARB"), an Oman based research organisation, to design a survey questionnaire and help analyse results. The survey focused on Direct employment only (not contractors) and secured responses from 15 companies (14 licensees and DPC SAOG) for the period 1st October 2008 to 31st September 2009.

This Regulatory Focus highlights some Survey results, a fuller assessment of Survey results will be published later in 2010.

Female participation

Female participation in the electricity and related water sector is extremely low: in 2009 147 Females accounted for just 7.4% of total Direct employment, 8.3% of all Omani employees and 6.8% of Expatriate employees (see Figure 17).

Figure 17: Female Employment by Job Function & Nationality



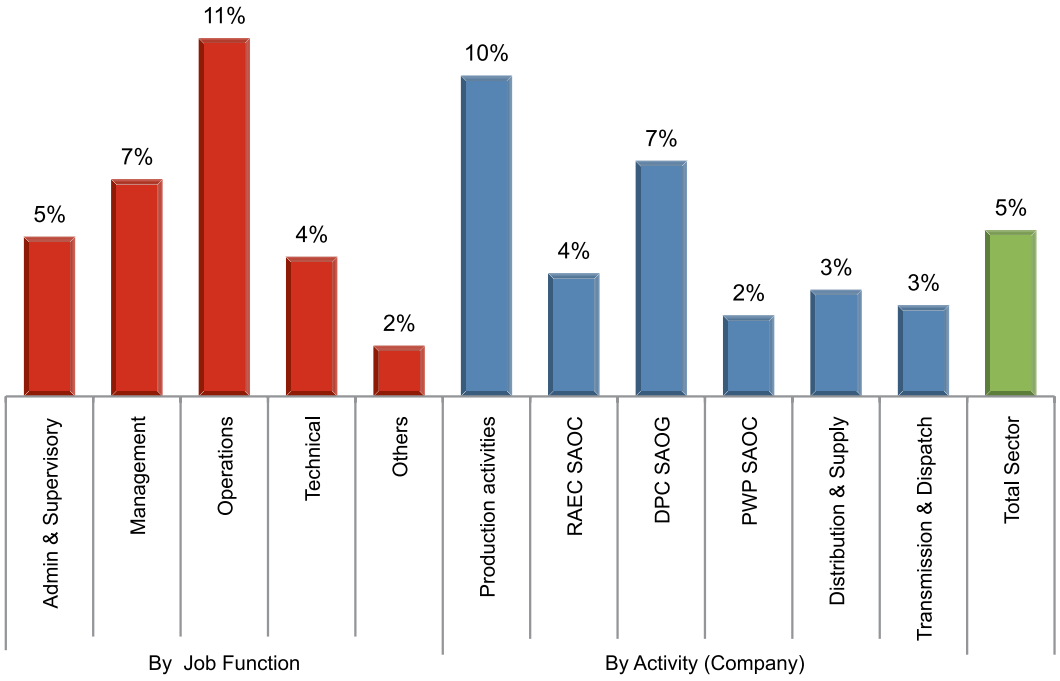
Source: 2009 extended Direct employment survey & ARB/Authority analysis

93% of Female employees occupy Administrative and Supervisory positions, accounting for 20.8% of all Administrative and Supervisory positions and 21.3% of Omani Administrative and Supervisory employees. Technical positions account for 4% of Female employment and Managerial positions just 2% of Female employment.

Staff Turnover

The Survey defined Staff Turnover as the number of leavers (both voluntary and involuntary) in a twelve month period as a percentage of average employees in the same period. ARB advised the Authority that turnover rates in excess of 10% could indicate problems retaining staff. The Survey returned an average sector Staff Turnover rate of 5%, with considerable variation by Job Function and Regulated Activity, see Figure 18.

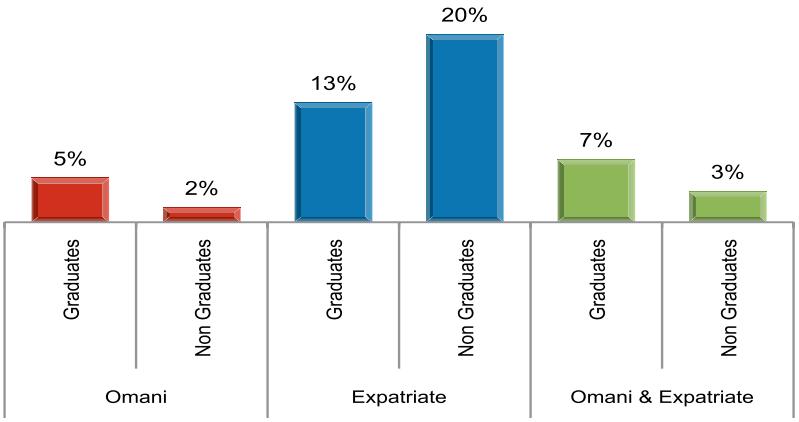
Figure 18: Staff Turnover Rates: by Job Function & Activity



Source: 2009 extended Direct employment survey & ARB/Authority analysis

By Job Function, Staff Turnover is highest in Operations (11%) and Management (7%). By Regulated Activity Staff Turnover is highest in Production activities (10%) and lowest in PWP Procurement activities (2%). As shown in Figure 19 the Survey highlighted different turnover rates for Omani and Expatriate graduate and non-graduate employees.

Figure 19: Turnover Rates for Graduates and Non Graduates



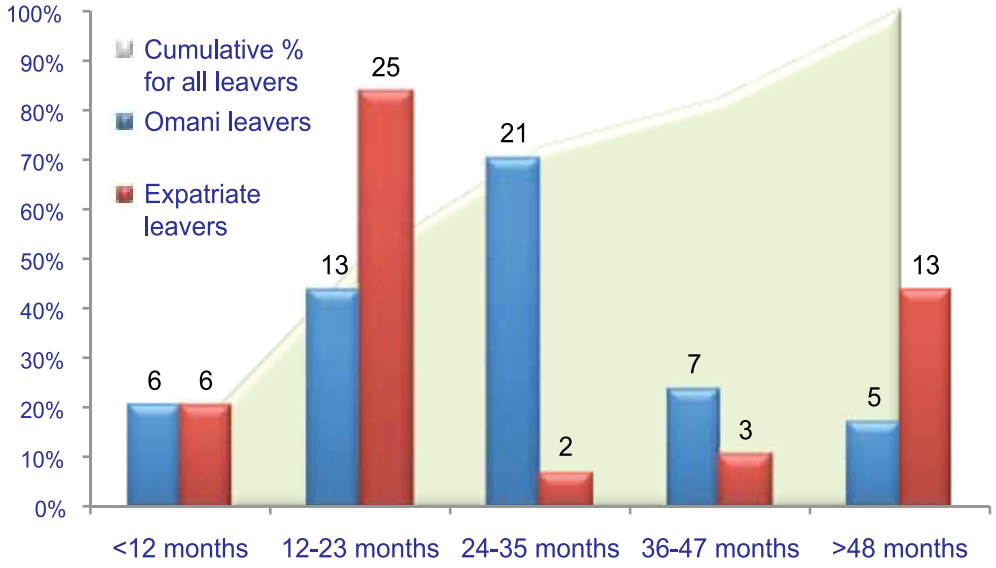
Source: 2009 extended Direct employment survey & ARB/Authority analysis

Expatriate Staff Turnover is higher than Omani for both graduates and non graduates. Graduate Staff Turnover at 7% is only slightly higher than the average sector Staff Turnover rate of 5%.

Employment duration of Leavers

The Survey provided information on the duration of employment of employees who left positions between October 2008 and September 2009.

Figure 20: Employment Durations of Leavers



Source: 2009 extended employment survey & ARB/Authority analysis

Figure 20 indicates that 12% of Omani and expatriate employees left positions after employment durations of 12 months or less. Around 37% of Omani leavers had employment terms of 23 months or less compared to 65% for Expatriate leavers.

Skill Shortages & Graduate Recruitment

Twelve of the fifteen surveyed companies indicated problems due to shortages of skilled labour whereas three companies (Al Rusail Power Company SAOC, SMN Barka SAOC and PWP) reported no shortage of skilled labour.

Companies identified particular shortages for staff with leadership skills and experience of specialist engineering activities. Around half of all companies reported shortages in Managerial, Technical and Administration & Supervisory functions.

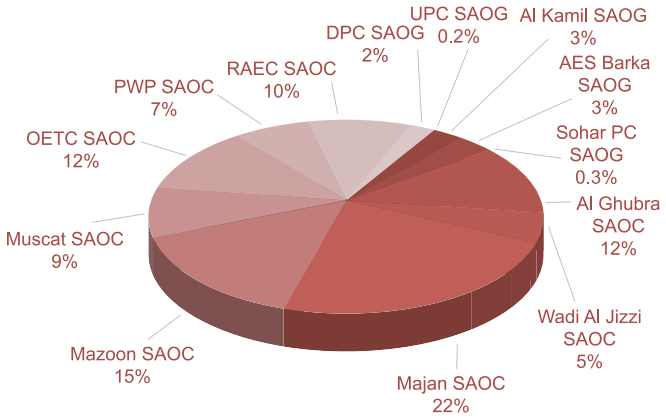
Only 3 of the 15 companies surveyed have graduate recruitment programmes. Most companies said they attend career fairs and maintain contacts with educational institutions to fill vacancies when they arise.

Expenditure on Staff Training

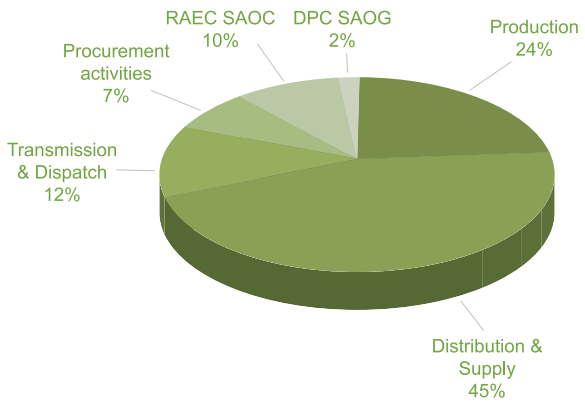
The Survey identified staff training expenditure of just 850,000 RO between October 2008 and September 2009. This accounts for just 0.2% of total sector economic costs in 2009 and just 0.5% of sector subsidy. Figure 21 presents details of staff training expenditure by company, activity, training category and expenditure per staff.

Figure 21: Staff Training Expenditure

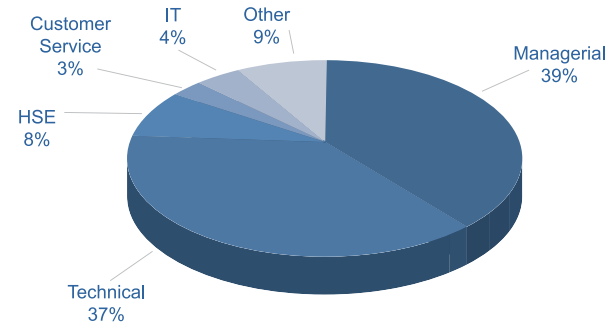
A: Staff Training Expenditure by Company



B: Staff Training Expenditure by Activity (Company)

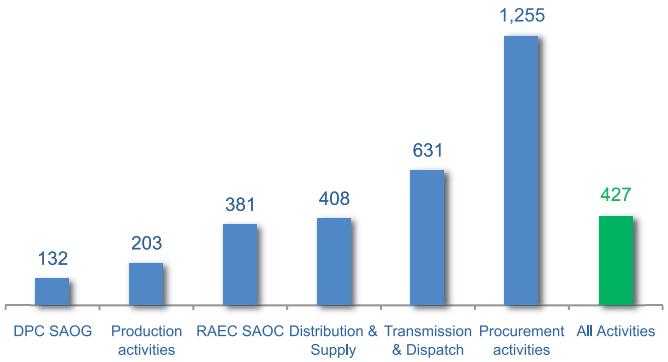


C: Staff Training Expenditure by Category



D: Training Expenditure per Staff by Company/Activity

RO per Staff



Source: 2009 extended Direct employment survey & ARB/Authority analysis

Health and safety training accounted for just 8% (66,755 RO) of total staff training expenditure of which OETC accounted for 45%, Muscat 2%, Majan 22% and Mazoon 0%, Production companies 20%, and RAEC SOAC 12%. The Authority is concerned by the low level of expenditure on health and safety training and that two operating companies (Mazoon and DPC SOAG) report no expenditure on health and safety training at all.

Customer Service training accounted for just 3% (25,774 RO) of total training expenditure. Three Discos account for 74% of this expenditure (Muscat 14%, Majan 55% and Mazoon 5%) and RAEC SAOC 26%.

Muscat, Majan and Mazoon accounted for 45% of total staff training expenditure: Muscat 71,183 RO (8% of total staff training expenditure), Majan 187,473 RO (22% of total expenditure) and Mazoon 122,794 RO (14% of total expenditure). Muscat has 60% more Direct employees than RAEC but spent 16% less on staff training than RAEC.

Training expenditure per Direct employee for the sector averaged just 427 RO. PWP (1,255 RO) and OETC (631 RO) reported training expenditure per staff above the sector average while all other entities reported training expenditure per staff below the sector average.

REGUATORY FOCUS #2: CALCULATING MARKET SHARES

The Sector Law and licensing regime provide important regulatory protections against excessive concentration in the generation and related water sector desalination capacity markets and vertical reintegration of the unbundled electricity and related water sector. Protections are applied through Article (7) of the Sector Law that imposes regulated activity and economic interest restrictions; and Article (112) para (2) of the Sector Law that requires each Generation and Generation/ Desalination licence to impose market share restrictions on licence holders.

The 'regulated activity' and 'economic interest' restrictions protect against vertical re-integration as this may reduce transparency, weaken incentives to improve efficiency, and delay competition and further market liberalisation. Market share restrictions prevent excessive concentration in generation and desalination capacity markets that could give rise to market power and dominance. This Regulatory Focus explains how the Authority calculates the generation capacity market shares of investors and identifies issues relevant to market share determinations.

Market Share Thresholds

Each Generation and Generation/Desalination licence states that: the Licensee shall not… *"without the consent in writing of the Regulatory Authority, have more than:*

(i) twenty five per cent (25%) of the Production Capacity of production facilities which Generate electricity and deliver it into the Total System; or

(ii) twenty five per cent (25%) of the Production Capacity of production facilities which Desalinate water and form part of the Related Water Sector."

Total System is defined by the Sector Law as the interconnected systems of licensees in Oman (therefore excluding RAEC generation capacity and Salalah Power System capacity). The Desalination capacity market includes RAEC related water desalination facilities.

The purpose of market share thresholds is not to automatically disallow interests in excess of them but to recognise that while investors with market shares below the threshold are unlikely to have market power, this might not be the case for market shares above the 25% threshold.

Definition of Generation Capacity Market Share

The Authority defines an investor's share of the total system generation capacity market as the product of generation capacity (MW) times equity interest. The Authority calculates investor market shares for new I(W)PP competitions and on receipt of applications for consent for a Change of Control of a licensee. The Authority has to determine what market share restrictions, if any, should apply to individual investors or whether the public interest would be best served by allowing a market share in excess of the 25 percent threshold.

Economic Considerations

Competition authorities and regulators typically define market power in terms of a firm's ability to raise prices above competitive levels for sustained periods. Market share is a useful indicator of possible market power, but is not of itself evidence of market power: "a firm with a high market share may not be able to exert market power if other market features constrain the use of market power, such as switching costs, entry threats and countervailing buyer power".

The Oman electricity market structure and regulatory regime provide significant safeguards against the exercise of market power. The Sector Law: prohibits production facilities selling directly to final consumers; requires production facilities to sell their entire output to the PWP (giving it considerable countervailing buying power); and ensures production facilities have little opportunity to increase prices, as P(W)PA tariffs determined by fair and transparent competitions remain unchanged for the duration of agreements (other than pre-agreed indexation and exchange rate or other adjustments).

Despite these safeguards high market shares would not be without risk. Owners of licensed production facilities may attempt to exercise market power by reducing the quality of contracted outputs (to secure effective price increases), or by influencing the timing of scheduled outages and dispatch arrangements to benefit them but increase total system costs. Concentration might delay further market liberalisation. A significant concern is that investors with high market shares encountering financial difficulties could transmit financial instability throughout the market: the potential for instability is positively correlated with market share.

The Authority attaches significant importance, and has a duty, to ensure competition for market entry is maximised. Any undue weakening of entry competition, by restricting the participation of interested investors, could have long lasting implications for sector costs and subsidy.

Market development considerations

Electricity demand growth in Oman is increasing rapidly. The addition of new capacity will, other things being equal, reduce the market shares of existing investors. Competitions for new capacity require the owners of new I(W)PP to offer 35% of project company shares to the public through the Muscat Securities Market within three years of full commercial operation, an obligation that further reduces investor market shares in the medium term.

Generation units reaching the end of their economic life, and unit degradation, reduces the existing stock of capacity and, others things being equal, can increase investor market shares. The Authority takes these and other factors into account when calculating market shares.

Example Market Share Calculations: Barka III & Sohar II IPPs

In 2009 the PWP initiated a competition for two new IPP: Barka III (750 MW) and Sohar II (750 MW). The Authority was required to determine if it would be appropriate to allow existing investors to participate in the IPP competitions. Suez was of particular interest as it had shareholding interests in three facilities (Sohar IWPP, SMN Barka and Rusail). Market share calculations start by establishing the size of the market and how the market is expected to change over the medium term: the base case assumptions used in the Authority's Barka III & Sohar II market share calculations are shown in Figure 22.

Figure 22: MIS Generation Capacity Market 2009 - 2015

Plant - DNC MW	2009	2010	2011	2012	2013	2014	2015
Al Ghubrah	482	371	371	371	289	234	234
Al Russail	684	684	684	684	684	684	684
Wadi Jizzi (inc unit 1 & 2)	290	290	290	220	220	220	220
Manah (Phase 1 & 2)	279	279	279	279	279	279	279
Al Kamil	282	282	282	282	282	282	282
AES Barka	434	434	434	434	434	434	434
Sohar IWPP	590	590	590	590	590	590	590
SMN Barka	683	681	680	680	679	679	679
new Ghubrah IWPP	0	0	0	400	700	700	700
Barka III	0	0	0	350	750	750	750
Sohar II	0	0	0	350	750	750	750
Solar Plant	0	0	0	0	150	150	150
NEW IWPP	0	0	0	0	0	0	1,000
Total MIS net MW	***3,724***	***3,611***	***3,610***	***4,640***	***5,807***	***5,752***	***6,752***
Annual capacity change: MW	*695*	*-113*	*-1*	*1,030*	*1,167*	*-55*	*1,000*
HH Index	**1,402**	**1,417**	**1,416**	**1,029**	**1,006**	**1,017**	**957**

Source: Authority calculations

The generation capacity market is assumed to increase from 3,724MW in 2009 to 6,572MW in 2015 reflecting a decline of existing capacity from 3,724MW in 2009 to 3,402 in 2015 and new capacity additions of 3,350MW (including 750MW from both Barka III and Sohar II IPPs).

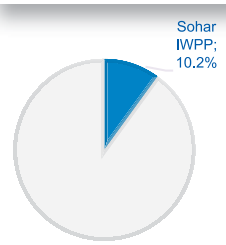
The Authority adopted a conservative approach to establishing market size and future growth: non-contracted capacity was excluded and the capacities of the Barka III and Sohar II IPPs set at the higher end of expectations.

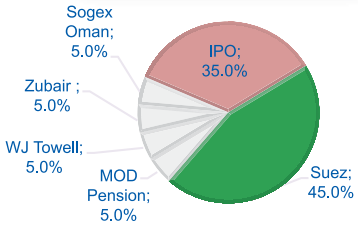
The Herfindahl-Hirschman Index (HHI) is an indicator of market concentration. A HHI of 1,800 or above indicates a highly concentrated market; a HHI less than 1,000 is consistent with a competitive market. The HHI in Figure 22 reflects 'production facility' concentration and suggests as the Oman market grows concentration will decline. The decline in 'production facility' concentration is welcome but not relevant to the Authority's market share calculations that are required by the Sector Law to focus on investor market shares.

Using as example the Sohar IWPP in 2013, the Authority multiplied the shareholdings of each investor by MW plant capacity and divided the result by total market MW, see Figure 23.

Figure 23: Example Calculation – Sohar IWPP investor market share in 2013 (590MW)

Production Facility share of Total MIS Generation Capacity Market	Investor share of Licensed Production Facility	Investor share of Total MIS Generation Capacity Market





	Share of Plant MW	Share of Total MIS Market %
Suez : 45% * 590MW =	265.5	4.6%
MOD Pension : 5% * 590MW =	29.5	1.0%
WJ Towell : 5% * 590MW =	29.5	1.0%
Zubair : 5% * 590MW =	29.5	1.0%
Sogex Oman : 5% * 590MW =	29.5	1.0%
IPO: 35% * 590MW =	206.5	1.0%
	590.0	**9.7%**

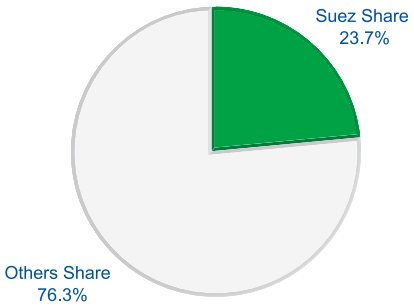
Source: Authority calculations

Suez has a 45% shareholding in the Sohar IWPP, which when multiplied by plant capacity (590 MW) and divided by total market MW in 2013 (5,807 MW) represents a 4.6% share of the total market. The calculation is repeated for each facility in which Suez has or would have an interest if awarded both the Barka III and Sohar II IPPs (the full 2013 calculation is shown in Annex G).

Suez's bid for the Barka III & Sohar II IPPs proposed shareholdings of 46% in each IPP. Following commissioning of full capacity at each IPP in 2013, Suez would have a 23.7% share of the total system generating capacity market (see Figure 24). Thereafter Suez's market share declines as a result of new MIS capacity and completion of the Barka III and Sohar II initial public offerings expected in 2015.

Figure 24: Example Calculation – Suez market share in 2013

Generation Capacity Market in 2013



Suez Share of Total System Generation Market

2013	Suez Share MIS MW	Share of Total MIS Market %
Sohar IWPP	265.5	4.6%
Al Rusail	211.2	3.6%
SMN Barka	209.6	3.6%
Barka III	345.0	5.9%
Sohar II	345.0	5.9%
Suez Share	**1,376.3**	**23.7%**
Others Share	4,430.7	76.3%
Total MIS Generation capacity market	5,807.0 MW	100.0%

Notes: Barka III & Sohar II full capacity COD in 2013
35% IPO of Sohar IWPP completed
Al Rusail & SMN Barka IPOs (each 35%) to be completed by 2013

Source: Authority calculations

The Authority tested the sensitivity of Suez's market share results to changes in input assumptions, one sensitivity assumed the large solar plant did not proceed.

The Authority concluded it would be appropriate to allow Suez to participate in the Barka III and Sohar II competitions as Suez would not exceed the 25% market share threshold and would add significant 'competitive tension' to the competition process. The Authority stipulated a requirement for the Barka III and Sohar II IPPs to be financially ring-fenced (cross default provisions are prohibited) providing a further safeguard against potential financial instability.

The Authority notified Suez that as its market share would be close to the 25% threshold should it be awarded both Barka III & Sohar II IPPs the Authority would not consent to Suez's participation in a competition for the next I(W)PP.

ARTICLE (29) REPORTING

Further Market Liberalisation

Figure 25 presents the Authority's assessment of the possible implementation of the four Liberalisation measures identified in the Sector Law.

Figure 25: Further Market Liberalisation

Liberalisation measure	Authority's assessment of market readiness:
Disposal of the Government's interest in the Electricity Holding Company SAOC or the Oman Power and Water Procurement Company SOAC	**The Authority does not consider the market ready for this liberalisation measure.** The Authority does not believe customers, investors or the government would benefit from the implementation of this measure at the present time. **The Authority does not propose to take steps to prepare the market for the implementation of this measure.**
Permitting licensed Production Facilities to sell to persons other than Oman Power and Water Procurement Company SAOC	**The Authority does not consider the market ready for this liberalisation measure.** Implementation of this measure would imply a significant change to the risk allocation of existing contracts (PPA and PWPA), and require a reassessment of the Generation Security Planning Standard. **The Authority has not and does not propose to consult on this liberalisation measure.**
Permitting persons other than Oman Power and Water Procurement Company SAOC and the Rural Areas Electricity Company SOAC to Import or Export electricity from or to another country	**The Authority does not consider the market ready for this liberalisation measure.** Preparations for the commissioning of the main Oman – UAE interconnector are at an advanced stage, as are discussions on the establishment of the GCC Interconnection Authority. **The Authority will grant licences in 2010 to authorise OETC to operate and PWP to trade across the Oman – UAE interconnector, respectively. No further action is contemplated to promote this liberalisation measure in the medium term.**
Creation of competition amongst Licensed Suppliers	**The Authority does not consider the market ready for this liberalisation measure but believes this would be achievable within 3 years.** The Authority believes implementation of this measure would have significant benefits for customers and views its implementation as an important and achievable objective. The Authority implemented separate distribution and Supply price controls from 1 January 2009 that, in conjunction with the further development of separate regulatory accounting requirements, will facilitate the introduction of Supply competition within 3 years. The Authority believes the entry of new Licensed Suppliers will promote competition and raise standards of customer service that, five years into the sector restructuring, remain at unsatisfactory levels.

Electricity Subsidy

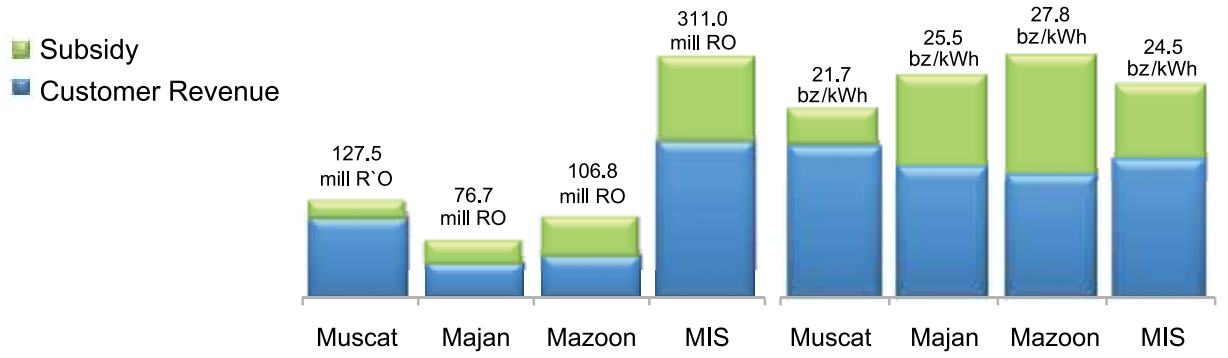
Article (18) of the Sector Law implements a mechanism through which the Ministry of Finance provides electricity subsidy calculated by the Authority to four licensed suppliers (Muscat, Majan and Mazoon and the RAEC) on an annual basis. The Authority undertakes two separate subsidy calculations: the first calculates MIS subsidy required by Muscat, Majan and Mazoon, the second calculates RAEC subsidy.

Subsidy is defined as the difference between the economic cost of Supply (including financing costs) and Permitted Tariff (and other) revenue. Economic Supply costs are derived as the sum of PWP, OETC, and Muscat, Majan and Mazoon and RAEC price control Maximum Allowed Revenues (MAR). Subtracting customer tariff revenue (and other income) from the MAR identifies the electricity subsidy requirement in a particular year.

MIS Subsidy

Figure 26 presents outturn MIS subsidy in 2009 by company. Outturn MIS subsidy in 2009 was 109.5 m RO, this is 2 m RO higher than forecast in our 2008 Annual Report. The 12% growth in 2009 customer revenue reflects 12% growth in units supplied and a marginally improved rate of revenue collection.

Figure 26: 2009 MIS Outturn Subsidy by Company



	Revenue & Subsidy million RO				Economic Cost Baiza/kWh Supply			
Item	**Muscat**	**Majan**	**Mazoon**	**MIS**	**Muscat**	**Majan**	**Mazoon**	**MIS**
Customer Revenue	102.5	44.8	54.2	**201.5**	17.5	14.9	14.1	**15.9**
Subsidy	25.0	31.9	52.6	**109.5**	4.3	10.6	13.7	**8.6**
Economic Cost	127.5	76.7	106.8	**311.0**	21.7	25.5	27.8	**24.5**
Subsidy % Economic Cost	20%	42%	49%	**35%**	20%	42%	49%	**35%**
Company share of Subsidy	23%	29%	48%	**100%**				

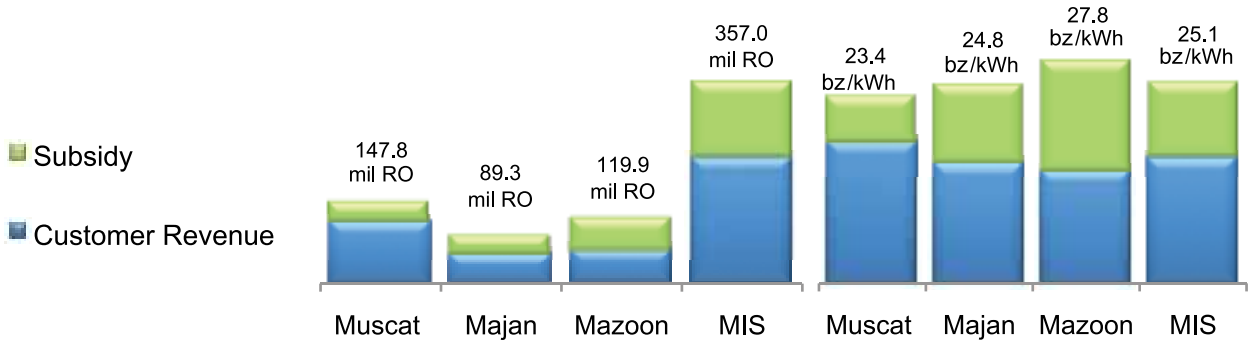
Source: 2009 audited SCRC Statements & Authority calculations

Total 2009 MIS subsidy (109.5 m RO) accounted for 35% of the total economic cost of Supply (311 m RO). Muscat, Majan and Mazoon accounted for 20%, 42% and 49%, respectively, of total 2009 MIS subsidy. Mazoon continues to have the highest subsidy requirement per kWh at 13.7 baiza/kWh, Majan's requirement is 10.6 baiza/kWh and Muscat's just 4.3 baiza per kWh. The subsidy requirement of each company reflects differences in customer mix and the characteristics of their respective distribution systems.

2010 MIS Subsidy Forecast

The Authority expects MIS subsidy of 132.4 m RO in 2010, 23 m RO higher than outturn MIS subsidy in 2009. The increase in MIS subsidy reflects expected increases in economic costs and customer revenues of 15% and 11.5%, respectively. Figure 27 presents the Authority estimates of 2010 MIS subsidy by company.

Figure 27: Subsidy Forecast - Main Interconnected System 2010



	Revenue & Subsidy million RO				Economic Cost Baiza/kWh Supply			
Item	**Muscat**	**Majan**	**Mazoon**	**MIS**	**Muscat**	**Majan**	**Mazoon**	**MIS**
Customer Revenue	110.4	53.9	60.4	**224.7**	17.5	15.0	14.0	**15.8**
Subsidy	37.4	35.5	59.6	**132.4**	5.9	9.9	13.8	**9.3**
Economic Cost	147.8	89.3	119.9	**357.0**	23.4	24.8	27.8	**25.1**
Subsidy % Economic Cost	25%	40%	50%	**37%**	25%	40%	50%	**37%**
Company share of Subsidy	28%	27%	45%	**100%**				

Source: Authority calculations

As anticipated in our 2007 Annual Report, policy decisions are exerting upward pressure on economic costs and electricity subsidy: in addition to the investment needed to sustain strong growth in electricity demand, licensees are required to underground a substantial proportion of new electricity lines and replace and upgrade systems to comply with new security and planning standards. Around half of the increase in 2010 MIS subsidy reflects the cost of 117 MW of temporary diesel generation required to support the MIS in 2010.

For further details of 2009 outturn MIS subsidy and the Authority's 2010 MIS subsidy estimate, please refer to Annex D.

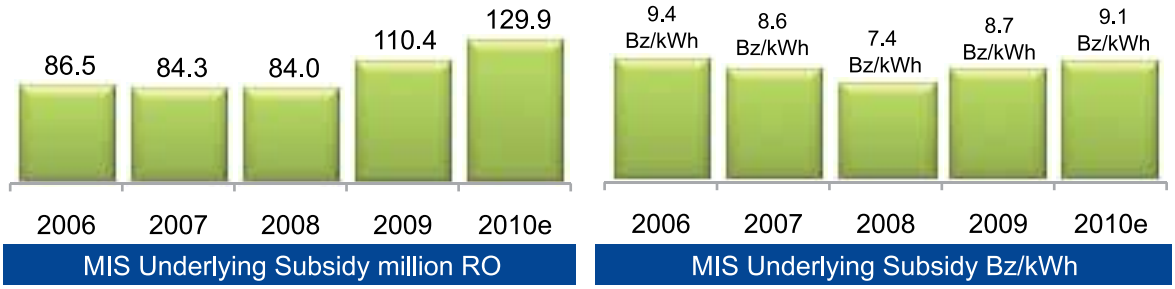
Underlying Movement in MIS Subsidy: 2006 to 2009

Figure 28 presents the Authority's underlying measure of MIS subsidy between 2006 and 2009 and expected MIS subsidy in 2010. The underlying measure assumes revenues, costs and efficiencies were correctly forecast between 2006 and 2009 so as to return zero correction factors. The estimate of MIS subsidy in 2010 reflects the 2010 MAR of PWP, OETC, Muscat, Majan and Mazoon and assumed growth in Supply (regulated units distributed) of 12.3%.

Figure 28: Underlying Movement in MIS Subsidy: 2006 to 2009 & 2010 Forecast

Economic Cost (RO m)	2006	2007	2008	2009	2010 (e)
PWP (MAR excluding K_t)	140.5	144.5	161.2	177.6	212.5
OETC (MAR excluding K_t)	26.5	27.9	31.5	38.5	42.0
Muscat (MAR excluding K_t)	22.8	23.8	23.9	32.3	33.5
Mazoon (MAR excluding K_t)	23.0	24.2	27.6	37.5	39.2
Majan (MAR excluding K_t)	16.6	17.8	19.6	26.0	27.5
Underlying Economic Cost	**229.6**	**238.2**	**263.8**	**311.9**	**354.6**
Permitted Tariff (& other) Revenue	143.1	153.9	179.8	201.5	224.7
Underlying Economic Subsidy Requirement	**86.5**	**84.3**	**84.0**	**110.4**	**129.9**
Regulated Units Distributed (GWh)	9,194	9,778	11,317	12,714	14,226
Underlying Economic Cost per kWh Supplied	25.0	24.4	23.3	24.5	24.9
Customer Revenue per kWh Supplied (bz/kWh)	**15.6**	**15.7**	**15.9**	**15.9**	**15.8**
Underlying Subsidy per kWh Supplied (bz/kWh)	9.4	8.6	7.4	8.7	9.1

Source: Authority calculations



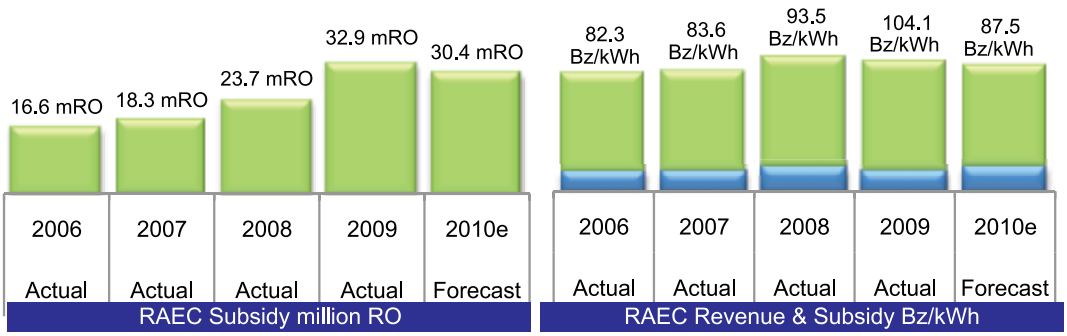
Source: Authority calculations

Figure 28 indicates that between 2006 and 2010 the underlying economic cost of supply increased by 54% compared to a 57% increase in revenue. The level of underlying subsidy is expected to be 50% higher in 2010 than in 2006 whereas underlying subsidy per kWh is expected to be 3% lower.

RAEC Subsidy

Outturn RAEC subsidy in 2009 was 32.9 m RO or 75.7 baiza/kWh, this is slightly lower than the 33 m RO subsidy entitlement forecast in the Authority's 2008 Annual Report (28.8 m RO subsidy and a 4.3 m RO subsidy adjustment). Figure 29 presents RAEC outturn subsidy between 2006 and 2009 and forecast RAEC subsidy in 2010.

Figure 29: RAEC 2009 Outturn Subsidy - 2010 Subsidy Forecast



Million RO	2006	2007	2008	2009	**2010e**	2006	2007	2008	2009	**2010e**
Customer Revenue	3.5	3.8	5.4	5.4	**7.6**	14.3	14.5	17.3	14.8	**17.5**
Subsidy	16.6	18.3	23.7	32.9	**30.4**	68.0	69.1	76.2	89.4	**70.0**
Economic Cost	20.1	22.2	29.1	38.3	**38.0**	82.3	83.6	93.5	104.1	**87.5**

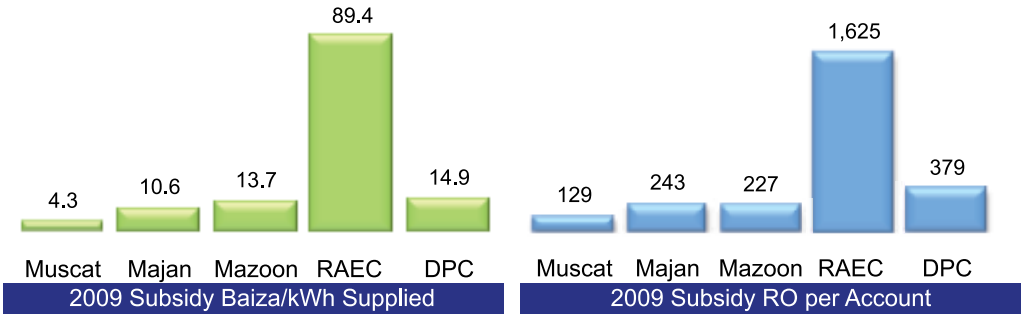
Source: 2005, 2006, 2007 2008 & 2009 audited SCRC Statement, Authority calculations.

The Authority is forecasting 2010 RAEC subsidy of 30 million RO (70 baiza/kWh). Please see Annex D for further details.

Comparison of 2009 Subsidy by Company

Figure 30 presents a comparison of subsidy provided to Muscat, Majan, Mazoon and RAEC in 2009 and government financial support to DPC in that year. The left hand panel presents subsidy (bazia) per kWh Supplied, the right hand panel shows subsidy (RO) per Customer Account.

Figure 30: 2009 Subsidy Comparisons by Company



	Muscat	Majan	Mazoon	RAEC	DPC	Muscat	Majan	Mazoon	RAEC	DPC
Subsidy per kWh/Account	4.3	10.6	13.7	89.4	14.9	129	243	227	1,625	379
Subsidy mRO	25.0	31.9	52.6	32.9	20.9	25.0	31.9	52.6	32.9	20.9
GWh / '000Accounts	5,866	3,005	3,843	368	1,402	193	131	231	20	55

Source: 2009 audited SCRC Statements & licensee returns.

Note 1: Muscat, Majan, Mazoon & RAEC Subsidy as per Article (18) of Sector Law. DPC Salalah CA net allowances.

Note 2: DPC Concession Agreement net allowances plus other Salalah purchase costs (RAEC) and PDO i/c cost.

Mazoon accounts for 32% of the 163.2 million RO of subsidy and financial support provided to companies in 2009, RAEC and Majan each account for 20%, Muscat 15% and DPC 13%.

RAEC subsidy per kWh supplied and per account is significantly higher than other companies (and excludes RAEC electrification funding provided in accordance with Article (87) of the Sector Law), confirming the significant subsidy support provided to Customers in rural areas.

The subsidy requirements of all companies reflect nominal increases in economic costs (in line with higher output) and revenue from Permitted Tariffs that in real terms decline year on year.

A decision to index Permitted Tariffs to inflation would reduce electricity subsidy, but is a matter for the government.

Electricity Tariffs

The Sector Law requires all electricity supplied by licensed suppliers to be charged at a Permitted Tariff approved by the Council of Ministers.

Figure 31 presents details of the present Permitted Tariffs for different customer categories, and Permitted Tariff fees for the disconnection and reconnection of customer accounts.

Figure 31: Permitted Tariffs

A: Permitted Tariffs for Electricity Supply

Permitted Tariff Category	Tariff Structure				
Industrial [1]	All Regions except Dhofar			Dhofar Region	
	September to April: 12 Baiza per kWh			August to March: 12 Baiza perkWh	
	May to August: 24 Baiza per kWh			April to July: 24 Baiza per kWh	
Commercial	Flat rate @ 20 Baiza per KWh				
Ministry of Defence	Flat rate @ 20 Baiza per KWh				
Residential	0-3000 kWh	3001-5000 kWh	5001-7000 kWh	7001-10000 kWh	above 10000 kWh
	10 Bz / kWh	15 Bz / kWh	20 Bz / kWh	25 Bz / kWh	30 Bz / kWh
Government	0-3000 kWh	3001-5000 kWh	5001-7000 kWh	7001-10000 kWh	above 10000 kWh
	10 Bz / kWh	15 Bz / kWh	20 Bz / kWh	25 Bz / kWh	30 Bz / kWh
Agriculture & Fisheries	0-7000 kWh			7001 kWh & above	
	10 Baiza per kWh			20 Baiza per kWh	
Tourism [2]	0-3000 kWh	3001-5000 kWh	5001-7000 kWh	above 7001 kWh	
	10 Bz / kWh	15 Bz / kWh	20 Bz / kWh	20 Bz / kWh	

1 Customers require a MOCI letter of recommendation and must maintain a power factor of least 0.9
2 Subject to Ministry of Tourism regulations and approval

B: Permitted Tariff fees for Disconnection & Reconnection of accounts

Disconnection fee (all types of metered accounts): 7.500 Rial Omani
Reconnection fee (all types of metered accounts): 7.500 Rial Omani

No new Permitted Tariffs or tariff modifications, were implemented in 2009.

REGULATION

Authority for Electricity Regulation, Oman

The Authority was established as an administratively and financially independent entity subject to State Audit Law by Article (19) of the Sector Law. The Authority is competent to regulate the electricity and related water sector pursuant to Article (2) of the Sector Law.

Authority Members are appointed by the Council of Ministers for three year terms. In February 2008 Members were appointed for further three year terms.

The present Members of the Authority are:

- Dr Saleh Mohammed Al-Alawi - non-executive Member (a part time appointment);
- Amur Mubarak Al Kiyumi - non-executive Member (a part time appointment); and
- John Cunneen - Executive Director and Member (a full time appointment).

Members are collectively responsible for managing the Authority's affairs and for ensuring the Authority fulfils all of its statutory functions and duties. Members met regularly throughout 2009 to administer the Authority's affairs, on the dates shown in Figure 32.

Figure 32: Member Meetings in 2009

	Dr Salah Al Alawi Chairman & Member	John Cunneen Executive Director & Member	Amur Al Kiyumi Member
Appointed for second term in: Meeting Dates (2009)	February 2008	February 2008	February 2008
21 January	✓	✓	✓
28 January	✓	✓	✓
4 February	✓	✓	✓
11 February	✓	✓	✓
7 March	✓	✓	✓
18 March	✓	✓	✓
5 May	✓	✓	✓
10 June	✓	✓	✓
17 June	✓	✓	✓
15 July	✓	✓	✓
16 September	✓	✓	✓
17 October	✓	✓	✓
18 November	✓	✓	✓
12 December	✓	✓	✓

Funding

The Authority recovers all of its costs through licence fees. Fees are calculated by apportioning costs to each regulated activity on the basis of the time expected to be spent regulating each activity. Figure 33 presents licence fee income by regulated activity and the number of Licence Holders by activity, for 2005 to 2010, inclusive.

Figure 33: Licence Fees: 2005 to 2010

Activity	2005 Licence Fees RO	#	2006 Licence Fees RO	#	2007 Licence Fees RO	#	2008 Licence Fees RO	#	2009 Licence Fees RO	#	2010 Licence Fees RO	#
Generation	78,200	4	59,700	4	50,776	4	95,284	4	154,351	4	112,724	4
Generation & Desalination	66,726	2	67,239	3	55,854	3	99,087	3	220,501	4	125,096	4
Transmission & Dispatch	117,300	1	104,472	1	177,715	1	320,669	1	514,503	1	259,264	1
Distribution & Supply	336,261	3	292,527	3	399,858	3	474,590	3	782,045	3	428,350	3
RAEC Activities	119,425	1	116,346	1	153,279	1	159,345	1	230,792	1	120,009	1
PWP Activites	132,090	1	142,779	1	273,237	1	232,225	1	547,824	1	329,236	1
PWP: Electricity	*93,840*		*90,543*		*88,858*		*192,401*		*288,122*		*10,310*	
PWP: Related Water	*12,750*		*4,749*		*6,664*		*10,359*		*14,700*		*206,202*	
PWP: Salalah	*25,500*		*47,488*		*177,715*		*29,465*		*245,002*		*112,724*	
Total Fee Income	**850,002**	**12**	**783,063**	**13**	**1,110,719**	**13**	**1,381,200**	**13**	**2,450,016**	**14**	**1,374,679**	**14**

The 2009 licence fees provided funding for a new organisation structure approved by Members in 2008, and the cost of new office accommodation. The Authority will move to its new offices in July 2010 and will immediately initiate a recruitment exercise to fill all vacant positions in the new organisation structure. As at December 2009 the Authority had 22 full time staff, most of whom are Omani Nationals with professional qualifications. Under the new organisation structure the Authority will have over 40 full time staff.

Licence fees also fund all work items identified in the Authority's 2010 forward work programme (available for review at **www.aer-oman.org**).

2010 Forward Work Programme

Article (34) of the Sector Law requires the Authority to prepare a Forward Work Programme for the coming year, and consult with Persons who may be affected by the proposed work. In December 2009 the Authority consulted on its proposed 2010 Forward Work Programme and is in the process of implementing all of its constituent tasks (available for review at **www.aer-oman.org**).

Customer Affairs Directorate

The Customer Affairs Directorate is responsible for protecting and promoting the interests of electricity customers and ensuring that customer interests are afforded appropriate priority and attention within the Authority. The Directorate approves and monitors Licensed Suppliers' codes of practice to safeguard the interests of electricity customers and takes up complaints on behalf of Customers who have been unable to resolve disputes directly with a Licensed Supplier.

In 2009 the Directorate:

(i) contributed to a review of the way Customer complaints are handled within the Authority and by licensees. The review identified significant scope for improvement and supported a priority action in the Authority's 2010 FWP that aims to reduce the time taken to process customer complaints;

(ii) held meetings with several hundred Customers at the Authority to discuss complaints and conducted 25 visits to Customer premises; and

(iii) provided assistance and support to the Technical Directorate:

a) when seeking access to Customer premises to allow KEMA and SQU to take measurement reading of ELF-EMF;

b) for various HSE inspections related to Customer complaints; and

c) an audit of Digital Metering installations at Customer premises.

Determinations

The Authority issued ten Customer Complaint Determinations in 2009;

i. **Determination 1/2009:** the Authority determined that MEDC would be allowed to recalculate under recovered revenue for a 12 month period due to a faulty meter;

ii. **Determination 2/2009:** the Authority determined that MEDC would be allowed to recalculate under recovered revenue for a 10 month period;

iii. **Determination 3/2009:** the Authority determined that MEDC had correctly calculated bills for certain months and that the Customer should be required to pay disputed amounts;

iv. **Determination 4/2009:** the Authority determined following review of a Krooki that the Customer not Mazoon should bear the cost of relocating lines from the Customer's premises;

v. **Determination 5/2009:** the Authority determined MEDC should apply the Residential Permitted Tariff the date the Customer had requested a tariff change;

vi. **Determination 6/2009:** the Authority determined that MEDC should recalculate the Customer's bills for periods based on average consumption for corresponding periods in previous years;

vii. **Determination 7/2009:** the Authority determined that MEDC had incorrectly calculated a Customer's bill and should recalculate the bill using the correct tariff;

viii. **Determination 8/2009:** the Authority determined that MEDC had failed to prove meter tampering and should withdraw the meter tampering fine;

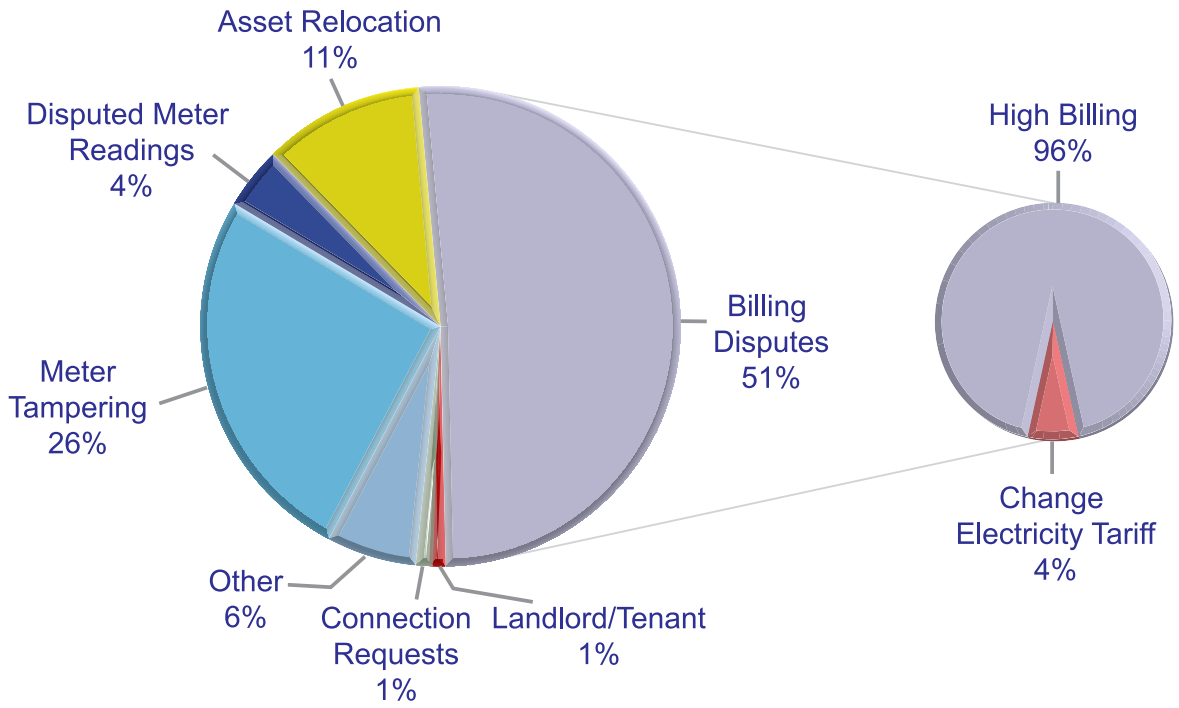
ix. **Determination 9/2009:** the Authority determined MEDC could recover under recovered revenue due to a faulty meter for a period of 12 months; and

x. **Determination 10/2009:** the Authority determined MEDC should recalculate a Customer's bill based on average consumption for corresponding periods in previous years.

Analysis of Customer Complaints

The Directorate received 144 Customer complaints in 2009, a 122% increase on the number of complaints received in 2008. Figure 34 below presents an analysis of the issues that were the subject of customer complaints in 2009.

Figure 34: Types of Customer Complaint in 2009



Source: Authority Customer Complaints Database

Billing issues accounted for 51% of total Customer complaints in 2009, with most Billing complaints relating to concerns about High Billing. Requests to relocate assets (poles, transformers, and substations) accounted for 11% of 2009 complaints (24% in 2008), Meter Tampering issues account for 26% of 2009 complaints (8% of 2008 complaints) and Disputed Meter Readings 4% of complaints (9% of complaints in 2008).

Economics and Financial Affairs Directorate

The Directorate is responsible for the economic regulation of the electricity and related water sector. This includes setting and monitoring RPI-X price controls, and reviewing and approving electricity and related water bulk Supply tariffs. The approved 2010 PWP Electricity and Water Bulk Supply Tariffs are shown in Figure 35.

Figure 35: 2010 PWP Electricity & Water Bulk Supply Tariffs

A: PWP Electricity Bulk Supply Tariff - 2010

Baiza per kWh	Off Peak	Night Peak	Weekday Day-peak	Friday Day-peak
January to March	7.0	7.0	7.0	7.0
April	8.0	8.0	8.0	8.0
May to July	8.0	20.0	40.0	20.0
August to September	8.0	15.0	30.0	15.0
October	8.0	8.0	8.0	8.0
November to December	7.0	7.0	7.0	7.0
Rate Band	Day(s) / Time(s)			
Off Peak	All days : 02:00 to 13:00 and 17:00 to 22:00			
Night Peak	All days : 22:00 to 02:00 (following day)			
Weekday Day-peak	Saturday to Thursday, 13:00 to 17:00			
Friday Day-peak	Friday, 13:00 to 17:00			

Source: PWP 2010 Electricity BST Leaflet

B: PWP Water Bulk Supply Tariffs - 2010

	Ghubrah	AES Barka	SMN Barka	Sohar
Fixed charge for committed Water Desalination Capacity	RO 0.368 per m³/day	RO 0.416 per m³/day	RO 0.294 per m³/day	RO 0.340 per m³/day
Summer[1]	92.5%	93.0%	93.0%	98.0%
Winter	77.5%	85.0%	93.0%	-
Sohar Winter Jan-March				80.0%
Sohar Winter Oct-Dec				85.0%
Variable charge for Desalinated Water	RO 0.100 per m³	0.050 per m³	0.050 per m³	
1: For the first 50% of daily capacity				RO 0.020 per m³
2: For the first 50% to 75% of daily capacity				RO 0.045 per m³
3: For excess over 75% of daily capacity				RO 0.080 per m³
4: Variable Charge for Distillate Water				RO 0.23334 to 0.8431[2]
PWP service charge (based on committed Water Desalination Capacity)	RO 0.005 per m³/day	RO 0.005 per m³/day	RO 0.005 per m³/day	RO 0.005 per m³/day

[1] *Summer months: April-September for Ghubrah & Sohar, May-September for AES Barka*

[2] *Subject to volume*

The 2010 RAEC Water Bulk Supply Tariffs are shown in Figure 36.

Figure 36: 2010 RAEC Water Bulk Supply Tariffs

RO/m ^{3}	Production Facility				
	AlHallaniyat	AbuMudabi	Kumzar	Masirah	Sograh
2005	2.643	2.218	1.972	2.963	1.924
2006	3.339	2.331	2.721	2.995	2.928
2007	3.721	2.555	2.792	3.158	3.003
2008	3.934	2.673	2.484	3.182	2.673
2009	4.657	3.203	2.442	1.719	3.480
2010	4.319	3.886	2.263	1.519	3.303

Source: Rural Areas Electricity Company SAOC

In 2009 the Directorate:

- Contributed to the setting of a new OETC price control for the period 1 January 2010 to 31 December 2012. The new price control provides capital expenditure allowances totalling 200m RO and maximum allowed revenues of 125m RO;
- Performed market share calculations for entities participating in competitions for the Barka III & Sohar II IPPS (please refer to Regulatory Focus #2 for further details);
- Responded to a PAEW request for an economic cost-benefit analysis of Oman's membership of the GCC Interconnection Authority. The Authority appointed Horton 4 Consulting to undertake analysis to confirm that the costs of Oman's participation in the GCC project (Oman's contribution to GCCIA capital and the costs of complying with the installed capacity obligation) could be justified on the basis of the potential benefits;
- Assisted with price control audits of three Distribution and Supply licensees;
- Provided significant input to public consultation on the Authority's proposals for Cost Reflective Tariffs for large consumers of electricity;
- Managed an employment survey of electricity sector companies to provide further details of sector employment by nationality and gender and to assess metrics for staff turnover, retention and expenditure on training and development;
- Assisted evaluations of renewable energy pilot projects including detailed economic evaluations of six shortlisted projects; and
- Contributed to reviews and approval of RAEC requests for Electrification Funding submitted in accordance with Article (87) of the Sector Law.

In keeping with the Authority's strong commitment to staff development, Senior Economist Hassan Taqi started full time paid study leave in September 2009 to complete a MSc in Economic Regulation and Competition at City University in London.

Technical Directorate

The Technical Directorate is responsible for approving technical standards and for monitoring compliance with Industry Codes, planning and operating standards, and Oman Electrical Standards. The Directorate represents the Authority on the Grid Code and Distribution Code Review Panels and plays a lead role in technical and health and safety investigations.

In 2009 the Directorate:

(i) Inspected installations and assets that form part of licensed distribution systems to confirm they did not represent a hazard to the general public. The Directorate's inspections supported the issue of Article 116 Notices in May 2009 to three Distribution and Supply licensees;

(ii) Assisted with the review and approval of competition documentation for the Barka III & Sohar II IPP competitions;

(iii) Led price control audits that assessed the performance of Distribution and Supply licensees under their respective price controls between 2005 to 2009;

(iv) Reviewed and approved the 2009 system capability statements of MEDC, MJEC, MZEC, RAEC and OETC;

(v) Reviewed the capital expenditure proposals of OETC for 2010-2015. The review highlighted significant shortcomings in OETC investment appraisals that did not provide sufficient assurance that proposed investments represented the best or most efficient options. The Authority approved a notional capital expenditure allowance for 2010 to 2013 and will work closely with OETC to approve capital expenditure on a project by project basis;

(vi) Followed up the Article 116 Notice issued to Al Ghubrah Power and Desalination Company in 2008 for the unsafe operation of the phase 1 Babcock boilers 4, 5, and 6 and found that sufficient improvement had been made to allow the Article 116 Notice for boiler 6 to be withdrawn;

(vii) Working with a specialist consultant the Directorate developed new Oman Electrical Standards for digital meters that were approved following extensive consultation with electricity sector companies; and

(viii) The Directorate assisted with detailed evaluations of prospective renewable energy pilot projects throughout 2009. The Authority, supported by its consultant COWI, assessed the feasibility of 34 renewable energy projects of which six have been shortlisted by the Authority for implementation.

Electro-magnetic fields assignment

Building on work initiated in 2008, the Authority commissioned Sultan Qaboos University to take measurements of electric field strengths and magnetic field strengths during periods of summer peak demand at locations where winter measurements had been taken by KEMA. The measurement results contributed to KEMA's comprehensive review of scientific research on possible health effects of exposure to Extremely Low Frequency Electric and Magnetic Fields (ELF-EMF). The study recommended Oman follow widely recognised guidelines for ELF-EMF published by ICNIRP. The measurement studies confirmed ELF-EMF levels in Oman significantly below the levels recommended in ICNIRP guidelines.

Generation Fuel Changeover Capability

During 2009 several production facilities failed to changeover from gas to liquid fuel in stipulated timescales. Working with a specialist consultant (SKM) the Directorate conducted assessments of the security of gas supply and the capability of gas turbines to automatically switch over to liquid fuel in the event of gas supply failures. Recommendations arising from the assessment were provided to the Ministry of Oil & Gas, PAEW and PWP and the Technical Directorate will follow up the implementation of recommendations in 2010.

Grid Code Review Panel

The Grid Code Review Panel (GCRP) met four times during 2009, see Figure 37.

Figure 37: Grid Code Review Panel meetings in 2009

Meeting	Meeting Date	Chaired by
GCRP 16	28 February 2009	OETC
GCRP 17	4-May-2009	OETC
GCRP 18	3-August-2009	OETC
GCRP 19	2-December-2009	OETC

During 2009, a number of revisions to the Grid Code agreed by the GCRP were submitted to the Authority for approval. The revisions were approved in the form of Grid Code Version 2.0 in February 2010.

Distribution Code Review Panel

The Distribution Code Review Panel (DCRP) met four times during 2009, see Figure 38.

Figure 38: Distribution Code Review Panel meetings in 2009

Meeting	Meeting Date	Chaired by
DCRP 1/2009	28 March 2009	RAEC
DCRP 2/2009	10-June-2009	MEDC
DCRP 3/2009	3-November-2009	MEDC
DCRP 4/2009	28-December-2009	MEDC

During 2009 the DCRP issued 8 new approvals and 48 contractor approvals and renewals.

Licensing and Legal Affairs Directorate

The Directorate acts as legal counsel for Authority Members and acts to ensure Members' decisions comply with the requirements of the Sector Law and other applicable Laws. The Directorate is responsible for monitoring compliance with conditions of authorizations granted by the Authority and for maintaining channels of communication with relevant ministries and competent authorities to ensure the Authority has the information needed to provide requisite advice to Licence Holders and Exemption Holders. The Directorate is also responsible for maintaining the Public Register.

In 2009 the Directorate:

(i) Reviewed an application for a Generation and Desalination Licence submitted by SMN Barka Power Company SAOC. The Licence was granted on 14 November 2009 and replaced Licence Exemption Order 1/2008 that had authorized early power from the SMN Barka facility;

(ii) Reviewed an application for consent for a Change of Control of Sharqiyah Desalination Company SAOC being the holder of Licence Exemption Order No. 1/2007. The Authority consented to the Change of Control application submitted by Mubadala and Veolia on 21 November 2009;

(iii) Supervised modifications to:

a) Licence Exemption Order 9/2005 granted to PDO to facilitate the Supply of electricity to certain remote locations;

b) the Schedule Charge Restriction Conditions of Distribution and Supply licenses to implement new three year price controls effective from 1 January 2009; and

c) the Schedule Charge Restriction Condition of the Transmission and Dispatch License granted to Oman Electricity Transmission Co. SAOC to facilitate a one-year price control extension;

(iv) Reviewed a complaint against the Rural Areas Electricity Company (RAEC) submitted by Oman National Engineering and Investment Company (ONEIC) claiming unfair discrimination in the award of certain tenders. ONIEC claimed RAEC had breached the Sector Law, the Tender Law and Regulations and terms of the RAEC Licence. After a thorough review the Authority concluded RAEC had not discriminated against ONIEC and had not breached any of its statutory obligations;

(v) Assisted with the preparation of new regulations requiring licensees and other persons to notify the Authority and other authorities of fatalities and accidents in stipulated timeframes. The Authority will initiate consultation on the new regulations before their issue under the provisions of Article (38) of the Sector Law in 2010.

GCC Electricity Interconnection Agreements

Throughout 2009 the Directorate made significant contributions to the preparation and review of key GCC Electricity Interconnection Agreements (the General Agreement and the Power Exchange and Trading Agreement) that when signed will confirm Oman's membership of the GCC Interconnection Authority. The Directorate also attended meetings and discussions to finalize the terms of a Bilateral Interconnection Agreement with the United Arab Emirates.

Legal Seminar

The Directorate organized a legal seminar on 25 October 2009 to introduce and explain the provisions of the Sector Law and related regulations, the new electricity and related water sector market structure, the new regulatory regime and the functions and duties of the Authority. The seminar schedule included time for discussion and feedback from participants which enriched the proceedings and provided important feedback on legal issues and suggestions for future action.

The seminar was attended by judges from the Administrative Court, Primary Court, Court of Appeal and the Supreme Court in addition to Lawyers, Public Prosecution officers, legal advisors of electricity sector companies and other legal practitioners.

Article (116) Notices

The Authority has power to issue Article (116) Notices to licensees who fail or are expected to fail to comply with a statutory duty or condition of a relevant licence. Article (116) Notices can apply fines and penalties and for serious cases of non-compliance can initiate licence revocation proceedings. In 2009, the Directorate assisted with the preparation and issue of:

(i) Article (116) Notices issued to Majan Electricity Company SAOC, Mazoon Electricity Company SAOC, Muscat Electricity Distribution Company SAOC, and the Oman Power and Water Procurement Company SAOC (PWP). These licensees had been assigned actions by an Executive Task Team led by the Authority tasked with minimizing the prospect of supply interruptions during summer 2009. The Authority concluded licensees were making insufficient progress to implement tasks assigned to them and issued Article (116) Notices to all licensees. Licensees subsequently complied with the requirements of the notices; and

(ii) Following a series of installation audits the Authority concluded Distribution and Supply licensees were failing to ensure substations and related plant was locked or otherwise secure and were therefore failing to safeguard the health and safety of the Public. The Authority issued Article (116) Notices to Majan Electricity Company SAOC, Mazoon Electricity Company SAOC, Muscat Electricity Distribution Company SAOC warning that licensees would be fined for any installations found to be unlocked or otherwise unsecure or unsafe.

ANNEX A: AUDITED FINANCIAL STATEMENTS

Authority for Electricity Regulation,
Oman

Report and Financial Statements
for the year ended 31st December 2009

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Report and financial statements for the year ended 31 December 2009

Deloitte.

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Independent auditor's report to the members of Authority for Electricity Regulation, Oman

Report on the financial statements

We have audited the accompanying financial statements of the **Authority for Electricity Regulation, Oman,** which comprise of statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in surplus fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 20.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and compliance with the relevant requirements of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector ("the Sector Law"), promulgated by the Royal Decree 78/2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements. In making those risk assessments; the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Independent auditor's report
to the members of
Authority for Electricity Regulation, Oman (continued)

Opinion

In our opinion, the financial statements, present fairly, in all material respects, the financial position of the **Authority for Electricity Regulation, Oman,** as of 31 December 2009, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply, in all material respects, with the relevant requirements of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector ("the Sector Law"), promulgated by the Royal Decree 78/2004.

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
24 May 2010

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Statement of financial position at 31 December 2009

	Notes	2009 RO	2008 RO
ASSETS			
Non-current assets			
Property and equipment	5	**78,424**	78,039
Current assets			
License fees receivable		**-**	39,550
Prepayments and other receivables		**223,481**	46,868
Cash and cash equivalents	6	**1,129,436**	508,966
		1,352,917	595,384
Total assets		**1,431,341**	673,423
RETAINED SURPLUS AND LIABILITIES			
Retained surplus	7	**1,202,640**	444,447
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	8	**42,016**	24,831
Current liabilities			
Accruals and other payables	9	**186,685**	204,145
Total liabilities		**228,701**	228,976
Total retained surplus and liabilities		**1,431,341**	673,423

Chairman and Member **Member** **Executive Director and Member**

The accompanying notes form an integral part of these financial statements.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Statement of comprehensive income for the year ended 31 December 2009

	Notes	2009 RO	2008 RO
Licence fees	10	**2,450,007**	1,381,201
Other income		**18,563**	14,950
Total revenue		**2,468,570**	1,396,151
Salaries and employee related costs	11	**789,561**	658,831
General and administrative expenses	12	**888,055**	956,683
Depreciation	5	**32,761**	27,847
Total expenses		**1,710,377**	1,643,361
Surplus / (deficit) for the year		**758,193**	(247,210)

The accompanying notes form an integral part of these financial statements.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Statement of changes in surplus fund for the year ended 31 December 2009

	Retained surplus RO
Balance at 1 January 2008	691,657
Deficit for the year	(247,210)
Balance at 1 January 2009	444,447
Surplus for the year	758,193
Balance at 31 December 2009	**1,202,640**

The accompanying notes form an integral part of these financial statements.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Statement of cash flows for the year ended 31 December 2009

	2009 RO	2008 RO
Operating activities		
Cash receipts from licensees and application fees for license exemptions	**2,491,557**	1,377,973
Cash paid to employees and other suppliers	**(1,854,504)**	(1,456,719)
Net cash from / (used in) operating activities	**637,053**	(78,746)
Investing activities		
Purchase of property and equipment	**(33,146)**	(41,835)
Interest income	**15,563**	11,950
Proceeds from disposal of assets	**1,000**	-
Net cash used in investing activities	**(16,583)**	(29,885)
Net change in cash and cash equivalents	**620,470**	(108,631)
Cash and cash equivalents at the beginning of the year	**508,966**	617,597
Cash and cash equivalents at the end of the year (Note 6)	**1,129,436**	508,966

The accompanying notes form an integral part of these financial statements.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009

1. Activities

The Authority for Electricity Regulation, Oman (hereafter referred to as "the Authority"), was established by Article 19 of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector ("the Sector Law") promulgated by the Royal Decree 78/2004 issued on 1 August 2004.

The Authority is primarily engaged in the regulation of the electricity and related water sector in the Sultanate of Oman. Under the Sector Law regulating the Authority's activities, the Authority levies fees on licensee companies that will enable the Authority to recover an amount not more than its expenses. Accordingly, surpluses of income over expenditure are held for the benefit of the licensee companies as explained in Note 7 to the financial statements.

The registered office of the Authority is PO Box 954, PC 133, Al Khuwair, Sultanate of Oman.

2. Adoption of new and revised International Financial Reporting Standards (IFRS)

2.1 Standards affecting presentation and disclosure

The following new and revised Standards have been adopted in the current period in these financial statements. Details of other Standards and Interpretations adopted but that have had no effect on the financial statements are set out in section 2.2.

• IAS 1 (as revised in 2007) *Presentation of Financial Statements*	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

• IFRS 8 *Operating Segments*	IFRS 8 is a disclosure Standard that requires re-designation of the reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance.
• IFRS for SMEs Small and Medium-sized Entities	This Standard is available immediately but the adoption has to be decided by the jurisdiction of implementation.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 Standards and Interpretations adopted with no effect on the financial statements (continued)

• Amendments to IFRS 2 *Share-based Payment*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
• IAS 23 (as revised in 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.
• Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*	The revisions to IAS 32 amend the criteria for debt / equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
• IFRIC 13 *Customer Loyalty Programmes*	The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.
• IFRIC 15 *Agreements for the Construction of Real Estate*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognised.
• IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
• IFRIC 18 *Transfers of Assets from Customers* (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 *Revenue*.
• Improvements to IFRSs (2008)	Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May and October 2008 *Annual Improvements to IFRSs* majority of which are effective for annual periods beginning on or after 1 January 2009.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.3 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:

	Effective for annual periods beginning on or after
• IFRS 1 (revised) *First time Adoption of IFRS* and IAS 27 (revised) *Consolidated and Separate Financial Statements* – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• IFRS 3 (revised) *Business Combinations* – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures*	1 July 2009
• IAS 39 (revised) *Financial Instruments: Recognition and Measurement* – Amendments relating to Eligible Hedged Items(such as hedging Inflation risk and Hedging with options)	1 July 2009
• IFRS 1 (revised) *First time Adoption of IFRS* – Amendment on additional exemptions for First-time Adopters	1 January 2010
• IFRS 2 (revised) *Share-based payment* – Amendment relating to cash-settled Share-based payments	1 January 2010
• IAS 32 (revised) *Financial Instruments: Presentation* – Amendments relating to classification of Rights Issue	1 February 2010
• IAS 24 *Related Party Disclosures* – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	1 January 2011
• IFRS 9 Financial Instruments: *Classification and Measurement* (intended as complete replacement for IAS 39 and IFRS 7)	1 January 2013
• Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 and IAS 39 resulting from April 2009 *Annual Improvements to IFRSs*.	Majority effective for annual periods beginning on or after 1 January 2010

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

2. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.3 Standards and Interpretations in issue not yet effective (continued)

New Interpretations and amendments to Interpretations:

	Effective for annual periods beginning on or after
• IFRIC 17: *Distributions of Non-cash Assets to Owners*	1 July 2009
• IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
• Amendment to IFRIC 14: *IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction*	1 January 2011
• Amendment to IFRIC 16: *Hedges of a Net Investment in a Foreign Operation*	1 July 2009
• Amendment to IFRIC 9 (revised): *Reassessment of Embedded Derivatives* relating to assessment of embedded derivatives in case of reclassification of a financial asset out of the 'FVTPL' category	1 July 2009

The management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Authority in the period of initial application.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and the requirements of the Sector Law of the Sultanate of Oman.

The following are the significant accounting policies which have been applied consistently:

Property and equipment

Property and equipment purchased are recorded at cost together with any incidental expenses of acquisition.

The cost of property and equipment is written off in equal installments over their estimated useful economic lives as follows:

	Years
Furniture, fixtures and office equipment	6.67
Vehicles	5
Computers	3 - 4

Impairment

At each statement of financial position date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The loss arising on an impairment of an asset or cash generating unit is determined as the difference between the recoverable amount and carrying amount of the asset or cash generating unit and is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Authority becomes a party to the contractual provisions of the instrument.

The principal financial instruments are cash and bank balances, license fees receivable, other receivables and trade and other payables. License fees receivable are stated at their nominal value as reduced by allowances for doubtful balances, if any. Trade and other payables are stated at their amortised cost.

Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

Staff benefits

Payment is made to the Pension and Gratuities Fund for Omani Government Employees pursuant to the provisions of the Law of Post Service Pensions and Gratuities for Omani Government Employees issued by Royal Decree (26/86) as amended. Provision is also made for amounts payable under the Oman Labour Law applicable to expatriate employees, and is based on current remuneration and accumulated periods of service at the statement of financial position date.

Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and bank balances maturing within three months from the date of placement.

Licence fees

Licence fees represent the amounts invoiced to the licensees for the year.

Foreign currencies

Transactions denominated in foreign currencies entered into during the year have been translated into Rials Omani and recorded at the rates of exchange prevailing at the dates of transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the rates of exchange prevailing at that date. Exchange differences that arise are taken to the statement of comprehensive income.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

3. Summary of significant accounting policies (continued)

Taxation

The Authority is exempt from taxation as per Article (56) of the Sector Law.

Critical accounting judgements and key source of estimation uncertainty

In preparing the financial statements, the management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgment based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

Licence fees
The significant estimate in the preparation of these financial statements is primarily in respect of licence fee income to be recovered in respect of regulation by the Authority of the licensed companies.

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

4. Financial risk management

Financial instruments carried on the statement of financial position comprise cash and bank balances, license fees receivable, other receivables and trade and other payables.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

4. Financial risk management (continued)

Financial risk factors

Overview

The Authority's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

Risk management is carried out by finance and administration department under policies approved by the management.

(i) Credit risk

Credit risk is the risk of financial loss to the Authority if a licensee or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from licensees.

Licence fee and other receivables

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each licensee. All licensees are based in Sultanate of Oman.

The potential risk in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

(ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Typically, the Authority ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

4. Financial risk management (continued)

Financial risk factors (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Authority's functional and presentation currency is Rial Omani and the Authority's performance is substantially independent of changes in foreign currency rates. There are no significant financial instruments denominated in foreign currency and consequently, foreign currency risk is not significant.

Interest rate risk

The Authority has balances with banks, which are interest bearing and exposed to changes in market interest rates.

Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern and benefit other stakeholders. The Authority is not subject to externally imposed capital requirements (Note 1)

Fair value of financial instruments

Fair value of the financial instruments approximates to their carrying value at the statement of financial position.

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

5. Property and equipment

	Furniture, fixtures and office equipment RO	Vehicles RO	Computers RO	Total RO
Cost				
At 1 January 2008	63,707	11,750	46,881	122,338
Additions	640	20,600	20,595	41,835
At 1 January 2009	64,347	32,350	67,476	164,173
Additions	3,089	25,800	4,257	33,146
At 31 December 2009	**67,436**	**58,150**	**71,733**	**197,319**
Depreciation				
At 1 January 2008	24,911	5,814	27,562	58,287
Charge for the year	9,589	5,104	13,154	27,847
At 1 January 2009	34,500	10.918	40,716	86,134
Charge for the year	9,883	10,089	12,789	32,761
At 31 December 2009	**44,383**	**21,007**	**53,505**	**118,895**
Carrying value				
At 31 December 2009	**23,053**	**37,143**	**18,228**	**78,424**
At 31 December 2008	29,847	21,432	26,760	78,039

6. Cash and cash equivalents

	2009 RO	2008 RO
Cash on hand	**500**	295
Cash at bank	**1,128,936**	508,671
	1,129,436	508,966

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

7. Retained surplus

The retained surplus represents the cumulative amount of excess or deficit of income over expenditure which will be offset against future funding requirements in accordance with Article (55) of the Sector Law.

8. Provision for employees' end of service benefits

	2009 RO	2008 RO
Balance brought forward	**24,831**	18,412
Paid during the year	**-**	(5,246)
Charge for the year (Note 11)	**17,185**	11,665
Balance carried forward	**42,016**	24,831

9. Accruals and other payables

Accruals	**12,016**	12,786
Other payables	**174,669**	191,359
	186,685	204,145

10. Licence fees

Licence fees represent the amounts invoiced to licensees for the year.

11. Salaries and employee related costs

	2009 RO	2008 RO
Salaries and allowances	**682,392**	552,430
Cost of end of service benefits for expatriate employees (Note 8)	**17,185**	11,665
Contribution to defined contribution retirement plan	**40,119**	30,693
Other employee related costs	**49,865**	64,043
	789,561	658,831

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

12. General and administrative expenses

	2009 RO	2008 RO
Rent	**41,400**	41,400
Consultancy fees	**683,716**	765,437
Communications	**5,736**	5,046
Advertisement and publicity	**9,070**	18,367
Traveling and conveyance	**26,651**	37,949
Printing and stationery	**15,767**	23,828
Utilities	**1,021**	1,115
Repairs and maintenance	**6,302**	11,165
Miscellaneous expenses	**98,392**	52,376
	888,055	956,683

13. Taxation

The Authority is exempt from taxation as per Article (56) of the Sector Law.

14. Related party transactions

The Authority enters into transactions in the normal course of business with the Chairman and Members. These transactions are entered into at terms and conditions which the management believes could be obtained on an arms length basis from independent third parties.

Such transactions comprise compensation to key management personnel and which amounted to:

	2009 RO	2008 RO
Short term employment benefits	**175,020**	165,061
End of service benefits	**9,589**	6,046

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

15. Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	2009	2008
	RO	RO
License fee receivable	**-**	39,550
Prepayments and other receivables	**223,481**	46,868
Cash and bank balances	**1,129,436**	508,966
	1,352,917	595,384

Licence fees receivable at the reporting date were past due for nil days (2008: 92 days).

16. Liquidity risk

The following are the maturities of the financial liabilities.

	2009		2008	
	Carrying amount	**6 months or less**	Carrying amount	6 months or less
	RO	**RO**	RO	RO
Accruals	**12,016**	**12,016**	12,786	12,786
Other payables	**174,669**	**174,669**	191,359	191,359
	186,685	**186,685**	204,145	204,145

AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Notes to the financial statements for the year ended 31 December 2009 (continued)

17. Interest rate risk

At the reporting date the interest rate risk profile of the Authority's interest bearing financial instruments was:

	2009 RO	2008 RO
Fixed rate instruments		
Financial assets	**1,128,936**	508,671
Financial liabilities	**-**	-

18. Commitments

Operating commitments	**64,207**	**8,516**

19. Approval of financial statements

The financial statements were approved by the Members and authorised for issue on 24 May 2010.

Annex B: Authorised Entities

Licence Holders

Majan Electricity Company SAOC Regulated Activities: the Distribution' and Supply of electricity to Premises	
Mazoon Electricity Company SAOC Regulated Activities: the Distribution' and Supply of electricity to Premises	
Muscat Distribution Company SAOC Regulated Activities: the Distribution' and Supply of electricity to Premises	
Oman Electricity Transmission Company SAOC Regulated Activities: the Transmission; and Dispatch of electricity	
Rural Areas Electricity Company SAOC Regulated Activities: Generation and Desalination & Transmission; Dispatch; Distribution; and Supply of electricity & bulk supply of desalinated water	
Wadi Al Jizzi Power Company SAOC Regulated Activity: the Generation of electricity	
Al Rusail Power Company SAOC Regulated Activity: the Generation of electricity	
Al Ghubrah Power and Desalination Company SAOC Regulated Activity: Generation of electricity and Desalination of water	
Al Kamil Power Company SAOG Regulated Activity: the Generation of electricity	
United Power Company SAOG Regulated Activity: the Generation of electricity	
AES Barka SAOG Regulated Activity: Generation of electricity and Desalination of water	
Sohar Power Company SAOG Regulated Activity: Generation of electricity and Desalination of water	
Oman Power and Water Procurement Company SAOC Regulated Activities: Demand forecasting, capacity procurement; bulk supply of electricity and water, & counterparty to the Salalah Concession Agreement	
SMN Barka Power Company SAOC Regulated Activity: Generation of electricity and Desalination of water	

Licence Exemption Holders

Sohar International Urea Chemical Industries SAOC Regulated Activity: Generation of electricity and Desalination of water	SIUCI
Sohar Refinery Company LLC Regulated Activity: Generation of electricity and Desalination of water; the Distribution of electricity; the Supply of electricity to Premises	
Oman Mining Company LLC Regulated Activities: the Generation; Distribution; and Supply of electricity	
Oman India Fertiliser Company SAOC Regulated Activities: Generation of electricity and Desalination of water	OMIFCO
Oman Cement Company SAOG Regulated Activities: the Generation; Distribution; and Supply of electricity to Premises	
Barr Al Jissah Resort Company Regulated Activities: the Distribution of electricity	Shangri-La's منتجع برالجصة سلطنة عمان Barr Al Jissah Resort & Spa SULTANATE OF OMAN
Oman Refinery Company LLC Regulated Activity: Generation of electricity and Desalination of water; the Distribution; and the Supply of electricity to Premises	
Oman LNG LLC Regulated Activity: Generation of electricity and Desalination of water; the Distribution; and the Supply of electricity to Premises	
Petroleum Development Oman Regulated Activities: the Generation; Distribution, Transmission; and Supply of electricity to Premises	
Occidental of Oman Inc Regulated Activity: the Generation; Distribution of electricity	OXY
Sohar Aluminium Company LLC Regulated Activity: Generation of electricity and Desalination of water; the Distribution; and the Transmission of electricity	
Sharqiyah Desalination Company SAOC Regulated Activity: Generation of electricity and Desalination of water	
Occidental Mukhaizna Regulated Activity: Generation of electricity and Desalination of water; and the Distribution of electricity	OXY
Ministry of Defence Regulated Activity: Generation of electricity for sale to PWP	

ANNEX C:
ELECTRICITY & RELATED WATER SECTOR STATISTICS

Table 1

Electricity Customer Accounts by System, Company and Tariff Category: 2008 and 2009

2008 Accounts	Main Interconnected System (MIS)								Rural Systems		Salalah System			
	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC	% Total	DPC	% Total	Total Oman	% Total
Residential	140,662	76.4%	95,389	76.6%	174,049	79.8%	**410,100**	77.9%	13,603	72.2%	39,101	75.5%	**462,804**	77.5%
Industrial	244	0.1%	97	0.1%	42	0.0%	**383**	0.1%	11	0.1%	49	0.1%	**443**	0.1%
Commercial	37,149	20.2%	20,812	16.7%	31,859	14.6%	**89,820**	17.1%	2,989	15.9%	9,265	17.9%	**102,074**	17.1%
Agriculture & Fisheries	121	0.1%	1,563	1.3%	1,718	0.8%	**3,402**	0.6%	168	0.9%	86	0.2%	**3,656**	0.6%
Hotels / Tourism	0	0.0%	266	0.2%	20	0.0%	**286**	0.1%	20	0.1%	85	0.2%	**391**	0.1%
Government	5,848	3.2%	6,426	5.2%	10,346	4.7%	**22,620**	4.3%	2,020	10.7%	3,084	6.0%	**27,724**	4.6%
Ministry of Defence	49	0.0%	19	0.0%	35	0.0%	**103**	0.0%	40	0.2%	88	0.2%	**231**	0.0%
2008 Totals	**184,073**	100.0%	**124,572**	100.0%	**218,069**	100.0%	**526,714**	100.0%	**18,851**	100.0%	**51,758**	100.0%	**597,323**	100.0%
% of Total Oman	30.8%		20.9%		36.5%		**88.2%**		**3.2%**		**8.7%**		**100.0%**	

2009 Accounts	Main Interconnected System (MIS)								Rural Systems		Salalah System			
	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC	% Total	DPC	% Total	Total Oman	% Total
Residential	147,869	76.5%	100,558	76.8%	184,241	79.6%	**432,668**	77.9%	14,597	72.1%	41,705	75.8%	**488,970**	77.5%
Industrial	259	0.1%	116	0.1%	62	0.0%	**437**	0.1%	15	0.1%	51	0.1%	**503**	0.1%
Commercial	38,677	20.0%	21,703	16.6%	34,147	14.8%	**94,527**	17.0%	3,227	15.9%	9,733	17.7%	**107,487**	17.0%
Agriculture & Fisheries	130	0.1%	1,764	1.3%	1,900	0.8%	**3,794**	0.7%	178	0.9%	87	0.2%	**4,059**	0.6%
Hotels / Tourism	0	0.0%	269	0.2%	22	0.0%	**291**	0.1%	22	0.1%	83	0.2%	**396**	0.1%
Government	6,178	3.2%	6,569	5.0%	10,963	4.7%	**23,710**	4.3%	2,159	10.7%	3,236	5.9%	**29,105**	4.6%
Ministry of Defence	57	0.0%	19	0.0%	37	0.0%	**113**	0.0%	40	0.2%	94	0.2%	**247**	0.0%
2009 Totals	**193,170**	100.0%	**130,998**	100.0%	**231,372**	100.0%	**555,540**	100.0%	**20,238**	100.0%	**54,989**	100.0%	**630,767**	100.0%
% of Total Oman	30.6%		20.8%		36.7%		**88.1%**		**3.2%**		**8.7%**		**100.0%**	
Net Change in Accounts	**9,097**		**6,426**		**13,303**		**28,826**		**1,387**		**3,231**		**33,444**	
Annual % Change	**4.9%**		**5.2%**		**6.1%**		**5.5%**		**7.4%**		**6.2%**		**5.6%**	

Table 2

Electricity Supplied to Customers by System, Company and Tariff Category: 2008 and 2009

2008 MWh	Main Interconnected System (MIS)								Rural Systems		Salalah System			
	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC	% Total	DPC	% Total	Total Oman	% Total
Residential	2,680,377	49.4%	1,465,931	55.3%	2,240,596	69.1%	**6,386,904**	56.4%	165,400	53.1%	477,275	39.1%	**7,029,579**	54.7%
Industrial	365,057	6.7%	300,022	11.3%	68,891	2.1%	**733,970**	6.5%	3,306	1.1%	246,153	20.2%	**983,429**	7.7%
Commercial	1,371,696	25.3%	511,581	19.3%	398,078	12.3%	**2,281,355**	20.2%	37,072	11.9%	206,957	16.9%	**2,525,385**	19.7%
Agriculture & Fisheries	2,252	0.0%	53,916	2.0%	88,925	2.7%	**145,093**	1.3%	10,053	3.2%	13,058	1.1%	**168,204**	1.3%
Hotels / Tourism	0	0.0%	10,287	0.4%	7,072	0.2%	**17,359**	0.2%	10,643	3.4%	1,731	0.1%	**29,733**	0.2%
Government	985,450	18.2%	292,371	11.0%	395,869	12.2%	**1,673,690**	14.8%	76,219	24.5%	190,999	15.6%	**1,940,907**	15.1%
Ministry of Defence	18,446	0.3%	16,080	0.6%	44,477	1.4%	**79,003**	0.7%	8,849	2.8%	85,017	7.0%	**172,869**	1.3%
2008 Totals	**5,423,278**	100.0%	**2,650,189**	100.0%	**3,243,906**	100.0%	**11,317,373**	100.0%	**311,542**	100.0%	**1,221,190**	100.0%	**12,850,105**	100.0%
% of Total Oman	42.2%		20.6%		25.2%		**88.1%**		**2.4%**		**9.5%**		**100.0%**	

2009 MWh	Main Interconnected System (MIS)								Rural Systems		Salalah System			
	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC	% Total	DPC	% Total	Total Oman	% Total
Residential	2,966,862	50.6%	1,633,459	54.4%	2,567,751	66.8%	**7,168,072**	56.4%	192,226	52.2%	558,074	39.8%	**7,918,373**	54.7%
Industrial	345,663	5.9%	445,283	14.8%	87,755	2.3%	**878,701**	6.9%	4,994	1.4%	291,655	20.8%	**1,175,350**	8.1%
Commercial	1,495,829	25.5%	563,364	18.7%	521,928	13.6%	**2,581,121**	20.3%	48,239	13.1%	240,725	17.2%	**2,870,085**	19.8%
Agriculture & Fisheries	2,831	0.0%	58,430	1.9%	104,458	2.7%	**165,719**	1.3%	12,840	3.5%	8,025	0.6%	**186,584**	1.3%
Hotels / Tourism	0	0.0%	9,219	0.3%	8,540	0.2%	**17,759**	0.1%	10,672	2.9%	1,579	0.1%	**30,011**	0.2%
Government	1,031,011	17.6%	277,720	9.2%	486,643	12.7%	**1,795,374**	14.1%	89,600	24.3%	210,348	15.0%	**2,095,323**	14.5%
Ministry of Defence	23,891	0.4%	17,389	0.6%	65,591	1.7%	**106,871**	0.8%	9,450	2.6%	91,104	6.5%	**207,425**	1.4%
2009 Totals	**5,866,087**	100.0%	**3,004,864**	100.0%	**3,842,668**	100.0%	**12,713,619**	100.0%	**368,021**	100.0%	**1,401,510**	100.0%	**14,483,150**	100.0%
% of Total Oman	40.5%		20.7%		26.5%		**87.8%**		**2.5%**		**9.7%**		**100.0%**	
Change in MWh	**442,809**		**354,676**		**598,761**		**1,396,246**		**56,479**		**180,320**		**1,633,045**	
Annual % Change	**8.2%**		**13.4%**		**18.5%**		**12.3%**		**18.1%**		**14.8%**		**12.7%**	

Table 3

Customer Accounts, MWh Supplied and MWh per Account by System, Company and Tariff Category 2009

2009

		Main Interconnected System (MIS)				Rural Systems	Salalah System	
Tariff Category	**Item**	**Muscat**	**Majan**	**Mazoon**	**Total MIS**	**RAEC**	**DPC**	**Total Oman**
Residential	Accounts	147,869	100,558	184,241	432,668	14,597	41,705	488,970
Residential	MWh Supplied	2,966,862	1,633,459	2,567,751	7,168,072	192,226	558,074	7,918,373
Residential	**MWh Supplied per Account**	**20**	**16**	**14**	**17**	**13**	**13**	**16**
Industrial	Accounts	259	116	62	437	15	51	503
Industrial	MWh Supplied	345,663	445,283	87,755	878,701	4,994	291,655	1,175,350
Industrial	**MWh Supplied per Account**	**1,335**	**3,839**	**1,415**	**2,011**	**333**	**5,719**	**2,337**
Commercial	Accounts	38,677	21,703	34,147	94,527	3,227	9,733	107,487
Commercial	MWh Supplied	1,495,829	563,364	521,928	2,581,121	48,239	240,725	2,870,085
Commercial	**MWh Supplied per Account**	**39**	**26**	**15**	**27**	**15**	**25**	**27**
Agriculture & Fisheries	Accounts	130	1,764	1,900	3,794	178	87	4,059
Agriculture & Fisheries	MWh Supplied	2,831	58,430	104,458	165,719	12,840	8,025	186,584
Agriculture & Fisheries	**MWh Supplied per Account**	**22**	**33**	**55**	**44**	**72**	**92**	**46**
Hotels / Tourism	Accounts	0	269	22	291	22	83	396
Hotels / Tourism	MWh Supplied	0	9,219	8,540	17,759	10,672	1,579	30,011
Hotels / Tourism	**MWh Supplied per Account**	**0**	**34**	**388**	**61**	**485**	**19**	**76**
Government	Accounts	6,178	6,569	10,963	23,710	2,159	3,236	29,105
Government	MWh Supplied	1,031,011	277,720	486,643	1,795,374	89,600	210,348	2,095,323
Government	**MWh Supplied per Account**	**167**	**42**	**44**	**76**	**42**	**65**	**72**
Ministry of Defence	Accounts	57	19	37	113	40	94	247
Ministry of Defence	MWh Supplied	23,891	17,389	65,591	106,871	9,450	91,104	207,425
Ministry of Defence	**MWh Supplied per Account**	**419**	**915**	**1,773**	**946**	**236**	**969**	**840**
Total Customer Accounts in 2009		**193,170**	**130,998**	**231,372**	**555,540**	**20,238**	**54,989**	**630,767**
Total MWh Supplied in 2009		**5,866,087**	**3,004,864**	**3,842,668**	**12,713,619**	**368,021**	**1,401,510**	**14,483,150**
MWh Supplied per Account in 2009		**30.4**	**22.9**	**16.6**	**22.9**	**18.2**	**25.5**	**23.0**
% change MWh per Account from 2008		**3.1%**	**7.8%**	**11.6%**	**6.5%**	**10.0%**	**8.0%**	**6.7%**

Table 4

Electricity Supply & Registered Accounts by Region & Company: 2008 and 2009

2008

Region	Company	MWh Supplied	% Oman	Accounts	% Oman	MWh Supply per Account
Al Dahirah	Majan	873,316	6.8%	54,870	9.2%	15.9
Al Sharquia	Mazoon	950,582	7.4%	77,372	13.0%	12.3
Al Wusta	RAEC	87,305	0.7%	6,281	1.1%	13.9
Dakhliyah	Mazoon	968,937	7.5%	65,965	11.0%	14.7
Dhofar	DPC SAOG	1,221,190	9.5%	51,758	8.7%	23.6
Dhofar	RAEC	61,924	0.5%	3,216	0.5%	19.3
Musandam	RAEC	162,313	1.3%	9,354	1.6%	17.4
Muscat	Muscat	5,423,278	42.2%	184,073	30.8%	29.5
North Batinah	Majan	1,776,873	13.8%	69,702	11.7%	25.5
South Batinah	Mazoon	1,324,387	10.3%	74,732	12.5%	17.7
Sultanate Totals 2008		**12,850,105**		**597,323**		**21.5**
						6.7%

2009

Region	Company	MWh Supplied	% Oman	Accounts	% Oman	MWh Supply per Account
Al Dahirah	Majan	499,291	3.4%	30,922	4.9%	16.1
Al Sharquia	Mazoon	1,134,625	7.8%	82,899	13.1%	13.7
Al Wusta	RAEC	106,887	0.7%	7,158	1.1%	14.9
Burami	Majan	462,102	3.2%	24,175	3.8%	19.1
Dakhliyah	Mazoon	1,147,347	7.9%	69,248	11.0%	16.6
Dhofar	DPC SAOG	1,401,510	9.7%	54,989	8.7%	25.5
Dhofar	RAEC	87,059	0.6%	3,486	0.6%	25.0
Musandam	RAEC	174,075	1.2%	9,594	1.5%	18.1
Muscat	Muscat	5,866,087	40.5%	193,170	30.6%	30.4
North Batinah	Majan	2,043,473	14.1%	75,901	12.0%	26.9
South Batinah	Mazoon	1,560,695	10.8%	79,225	12.6%	19.7
Sultanate Totals 2009		**14,483,151**		**630,767**		**23.0**
Change from 2008 (%)		*12.7%*		*5.6%*		*6.7%*

Table 5

Electricity & Related Water Production by System: 2006 to 2009

2006	Electricity Production				Related Water Production			
System	**Gross MWh**	*% Year*	**Net MWh**	*% Year*	**Gross m3**	*% Year*	**Net m3**	*% Year*
Main Interconnected System	12,121,472	*88.7%*	11,781,999	*88.7%*	83,801,093	*95.1%*	82,104,359	*95.0%*
Rural Systems	272,247	*2.0%*	252,493	*1.9%*	4,285,594	*4.9%*	4,278,981	*5.0%*
Salalah Power System	1,270,544	*9.3%*	1,252,300	*9.4%*				
Total for 2006	**13,664,262**		**13,286,792**		**88,086,687**		**86,383,340**	

2007	Electricity Production				Related Water Production			
System	**Gross MWh**	*% Year*	**Net MWh**	*% Year*	**Gross m3**	*% Year*	**Net m3**	*% Year*
Main Interconnected System	12,914,618	*88.3%*	12,490,000	*88.2%*	105,515,615	*99.4%*	84,250,901	*99.3%*
Rural Systems	309,354	*2.1%*	289,175	*2.0%*	596,858	*0.6%*	601,982	*0.7%*
Salalah Power System	1,406,455	*9.6%*	1,387,520	*9.8%*				
Total for 2007	**14,630,427**		**14,166,695**		**106,112,473**		**84,852,883**	

2008	Electricity Production				Related Water Production			
System	**Gross MWh**	*% Year*	**Net MWh**	*% Year*	**Gross m3**	*% Year*	**Net m3**	*% Year*
Main Interconnected System	14,211,629	*88.5%*	14,033,987	*88.7%*	113,174,090	*99.3%*	97,078,424	*99.3%*
Rural Systems	349,265	*2.2%*	325,839	*2.1%*	742,651	*0.7%*	733,091	*0.7%*
Salalah Power System	1,488,552	*9.3%*	1,469,197	*9.3%*				
Total for 2008	**16,049,446**		**15,829,023**		**113,916,741**		**97,811,515**	

2009	Electricity Production				Related Water Production			
System	**Gross MWh**	*% Year*	**Net MWh**	*% Year*	**Gross m3**	*% Year*	**Net m3**	*% Year*
Main Interconnected System	16,292,485	*88.3%*	15,718,788	*88.2%*	112,350,338	*99.2%*	112,928,995	*99.2%*
Rural Systems	396,011	*2.1%*	370,232	*2.1%*	912,305	*0.8%*	894,429	*0.8%*
Salalah Power System	1,756,801	*9.5%*	1,734,060	*9.7%*				
Total for 2009	**18,445,296**		**17,823,080**		**113,262,643**		**113,823,424**	

Table 6

Electricity & Related Water Production by System and Company: 2008 & 2009

2008	Electricity Production Gross MWh	% Oman	Net MWh	% Oman	Related Water Production Gross m3	% Oman	Net m3	% Oman
A: Main Interconnected System								
AES Barka SAOG	2,504,660	*15.6%*	2,312,360	*14.6%*	30,443,578	*26.7%*	30,149,960	*30.8%*
Al Ghubrah SAOC	2,885,070	*18.0%*	2,653,731	*16.8%*	56,111,128	*49.3%*	55,034,935	*56.3%*
Al Kamil SAOG	1,148,682	*7.2%*	1,135,666	*7.2%*	0	*0.0%*	0	*0.0%*
Al Rusail SAOC	2,727,790	*17.0%*	2,702,360	*17.1%*	0	*0.0%*	0	*0.0%*
UPC Manah SAOG	1,024,426	*6.4%*	1,012,819	*6.4%*	0	*0.0%*	0	*0.0%*
Wadi Jizzi SAOC	677,418	*4.2%*	669,790	*4.2%*	0	*0.0%*	0	*0.0%*
Sohar Power Company SAOC	3,117,492	*19.4%*	2,929,854	*18.5%*	26,619,384	*23.4%*	11,893,529	*12.2%*
SMN Barka SAOC	126,091	*0.8%*	232,411	*1.5%*	0	*0.0%*	0	*0.0%*
PWP purchases	0	*0.0%*	384,996	*2.4%*	0	*0.0%*	0	*0.0%*
MIS sub-total	**14,211,629**	***88.5%***	**14,033,987**	***88.7%***	**113,174,090**	***99.3%***	**97,078,424**	***99.3%***
B: Rural Systems								
RAEC SAOC	349,265	*2.2%*	325,839	*2.1%*	742,651	*0.7%*	733,091	*0.7%*
Rural Systems sub-total	**349,265**	***2.2%***	**325,839**	***2.1%***	**742,651**	***0.7%***	**733,091**	***0.7%***
C: Salalah Power System								
RAEC SAOC	2,301	*0.0%*	2,101	*0.0%*				
DPC SAOG	1,486,251	*9.3%*	1,467,095	*9.3%*				
Salalah System sub-total	**1,488,552**	***9.3%***	**1,469,197**	***9.3%***				
Totals for 2008	**16,049,446**	***100%***	**15,829,023**	***100%***	**113,916,741**	***100%***	**97,811,515**	***100%***

2009	Electricity Production Gross MWh	% Oman	Net MWh	% Oman	Related Water Production Gross m3	% Oman	Net m3	% Oman
A: Main Interconnected System								
AES Barka SAOG	2,489,860	*13.5%*	2,305,126	*12.9%*	28,571,394	*25.2%*	28,068,015	*24.7%*
Al Ghubrah SAOC	2,917,909	*15.8%*	2,702,257	*15.2%*	51,398,766	*45.4%*	50,463,598	*44.3%*
Al Kamil SAOG	1,297,374	*7.0%*	1,283,926	*7.2%*	0	*0.0%*	0	*0.0%*
Al Rusail SAOC	3,176,678	*17.2%*	3,149,107	*17.7%*	0	*0.0%*	0	*0.0%*
UPC Manah SAOG	1,056,024	*5.7%*	1,045,115	*5.9%*	0	*0.0%*	0	*0.0%*
Wadi Jizzi SAOC	748,302	*4.1%*	741,875	*4.2%*	0	*0.0%*	0	*0.0%*
Sohar Power Company SAOC	3,343,225	*18.1%*	3,119,457	*17.5%*	32,380,178	*28.6%*	30,319,312	*26.6%*
SMN Barka SAOC	1,263,114	*6.8%*	1,183,338	*6.6%*	0	*0.0%*	4,078,070	*3.6%*
PWP purchases	0	*0.0%*	188,587	*1.1%*	0	*0.0%*	0	*0.0%*
MIS sub-total	**16,292,485**	***88.3%***	**15,718,788**	***88.2%***	**112,350,338**	***99.2%***	**112,928,995**	***99.2%***
% change from 2008	**14.6%**		**12.0%**		**-0.7%**		**16.3%**	
B: Rural Systems								
RAEC SAOC	396,011	*2.1%*	370,232	*2.1%*	912,305	*0.8%*	894,429	*0.8%*
Rural Systems sub-total	**396,011**	***2.1%***	**370,232**	***2.1%***	**912,305**	***0.8%***	**894,429**	***0.8%***
% change from 2008	**13.4%**		**13.6%**		**22.8%**		**22.0%**	
C: Salalah Power System								
RAEC SAOC	48,577	*0.3%*	45,700	*0.3%*				
DPC SAOG	1,708,224	*9.3%*	1,688,361	*9.5%*				
Salalah System sub-total	**1,756,801**	***9.5%***	**1,734,060**	***9.7%***				
% change from 2008	**18.0%**		**18.0%**					
Totals for 2009	**18,445,296**	***100%***	**17,823,080**	***100%***	**113,262,643**	***100%***	**113,823,424**	***100%***
Actual change from 2008	**2,395,850**		**1,994,057**		**-654,098**		**16,011,909**	
% change from 2008	**14.9%**		**12.6%**		**-0.6%**		**16.4%**	

Table 7

Electricity and Related Water Production by Region: 2008 and 2009

2008	Electricity Production				Related Water Production			
Region	MWh Gross	% Oman	MWh Net	% Oman	m3 Gross	% Oman	m3 Net	% Oman
Al Dahirah	516	0.0%	476	0.0%				
Al Sharqiya	1,181,255	7.4%	1,163,079	7.3%	617,818	0.5%	612,760	0.6%
Al Wusta	43,372	0.3%	96,420	0.6%	57,346	0.1%	55,321	0.1%
Dakhliyah	1,024,426	6.4%	1,012,819	6.4%				
Dhofar	1,556,137	9.7%	1,535,909	9.7%	22,118	0.0%	21,918	0.0%
Musandam	205,219	1.3%	191,537	1.2%	45,369	0.0%	43,092	0.0%
Muscat	5,612,860	35.0%	5,364,548	33.9%	56,111,128	49.3%	55,034,935	56.3%
North Batinah	3,794,910	23.6%	3,919,465	24.8%	26,619,384	23.4%	11,893,529	12.2%
South Batinah	2,630,751	16.4%	2,544,772	16.1%	30,443,578	26.7%	30,149,960	30.8%
Totals for 2008	**16,049,446**		**15,829,023**		**113,916,741**		**97,811,515**	

2009	Electricity Production				Related Water Production			
Region	MWh Gross	% Oman	MWh Net	% Oman	m3 Gross	% Oman	m3 Net	% Oman
Al Dahirah	516	0.0%	470	0.0%				
Change from 2008 (%)	*0.0%*		*-1.3%*					
Al Sharqiya	1,336,465	7.2%	1,314,631	7.4%	763,000	0.7%	751,250	0.7%
Change from 2008 (%)	*13.1%*		*13.0%*		*23.5%*		*22.6%*	
Al Wusta	53,080	0.3%	62,291	0.3%	60,924	0.1%	58,530	0.1%
Change from 2008 (%)	*22.4%*		*-35.4%*		*6.2%*		*5.8%*	
Dakhliyah	1,056,024	5.7%	1,045,115	5.9%				
Change from 2008 (%)	*3.1%*		*3.2%*					
Dhofar	1,842,577	10.0%	1,818,862	10.2%	33,852	0.0%	33,612	0.0%
Change from 2008 (%)	*18.4%*		*18.4%*		*53.1%*		*53.4%*	
Musandam	217,547	1.2%	203,731	1.1%	54,529	0.0%	51,037	0.0%
Change from 2008 (%)	*6.0%*		*6.4%*		*20.2%*		*18.4%*	
Muscat	6,094,587	33.0%	5,860,263	32.9%	51,398,766	45.4%	50,463,598	44.3%
Change from 2008 (%)	*8.6%*		*9.2%*		*-8.4%*		*-8.3%*	
North Batinah	4,091,527	22.2%	4,029,253	22.6%	32,380,178	28.6%	30,319,312	26.6%
Change from 2008 (%)	*7.8%*		*2.8%*		*21.6%*		*154.9%*	
South Batinah	3,752,974	20.3%	3,488,464	19.6%	28,571,394	25.2%	32,146,085	28.2%
Change from 2008 (%)	*42.7%*		*37.1%*		*-6.1%*		*6.6%*	
Totals for 2009	**18,445,296**		**17,823,080**		**113,262,643**		**113,823,424**	
Change from 2008 (%)	*14.9%*		*12.6%*		*-0.6%*		*16.4%*	

Table 8

Electricity & Related Water Production by Region and Company: 2008 and 2009

2008		Electricity Production				Related Water Production			
Region	Company	Gross MWh	% Oman	Net MWh	% Oman	Gross m3	% Oman	Net m3	% Oman
Al Dahirah	RAEC SAOC	516	0.0%	476	0.0%				
Al Sharqiya	Al Kamil SAOG	1,148,682	7.2%	1,135,666	7.2%				
Al Sharqiya	PWP purchases	0	0.0%	1,953	0.0%				
Al Sharqiya	RAEC SAOC	32,573	0.2%	25,460	0.2%	617,818	0.5%	612,760	0.6%
Al Wusta	PWP purchases	0	0.0%	54,765	0.3%				
Al Wusta	RAEC SAOC	43,372	0.3%	41,655	0.3%	57,346	0.1%	55,321	0.1%
Dakhliyah	UPC Manah SAOG	1,024,426	6.4%	1,012,819	6.4%				
Dhofar	DPC SAOG	1,486,251	9.3%	1,467,095	9.3%				
Dhofar	RAEC SAOC	69,886	0.4%	68,813	0.4%	22,118	0.0%	21,918	0.0%
Musandam	RAEC SAOC	205,219	1.3%	191,537	1.2%	45,369	0.0%	43,092	0.0%
Muscat	Al Ghubrah SAOC	2,885,070	18.0%	2,653,731	16.8%	56,111,128	49.3%	55,034,935	56.3%
Muscat	Al Rusail SAOC	2,727,790	17.0%	2,702,360	17.1%				
Muscat	PWP purchases	0	0.0%	8,457	0.1%				
North Batinah	PWP purchases	0	0.0%	319,821	2.0%				
North Batinah	Sohar Power Company	3,117,492	19.4%	2,929,854	18.5%	26,619,384	23.4%	11,893,529	12.2%
North Batinah	Wadi Jizzi SAOC	677,418	4.2%	669,790	4.2%				
South Batinah	AES Barka SAOG	2,504,660	15.6%	2,312,360	14.6%	30,443,578	26.7%	30,149,960	30.8%
South Batinah	SMN Barka SAOC	126,091	0.8%	232,411	1.5%				
Sultanate Totals 2008		**16,049,446**		**15,829,023**		**113,916,741**		**97,811,515**	

2009		Electricity Production				Related Water Production			
Region	Company	Gross MWh	% Oman	Net MWh	% Oman	Gross m3	% Oman	Net m3	% Oman
Al Dahirah	RAEC SAOC	516	0.0%	470	0.0%				
Al Sharqiya	Al Kamil SAOG	1,297,374	7.0%	1,283,926	7.2%				
Al Sharqiya	PWP purchases	0	0.0%	845	0.0%				
Al Sharqiya	RAEC SAOC	39,092	0.2%	29,860	0.2%	763,000	0.7%	751,250	0.7%
Al Wusta	PWP purchases	0	0.0%	10,922	0.1%				
Al Wusta	RAEC SAOC	53,080	0.3%	51,369	0.3%	60,924	0.1%	58,530	0.1%
Dakhliyah	UPC Manah SAOG	1,056,024	5.7%	1,045,115	5.9%				
Dhofar	DPC SAOG	1,708,224	9.3%	1,688,361	9.5%				
Dhofar	RAEC SAOC	134,353	0.7%	130,501	0.7%	33,852	0.0%	33,612	0.0%
Musandam	RAEC SAOC	217,547	1.2%	203,731	1.1%	54,529	0.0%	51,037	0.0%
Muscat	Al Ghubrah SAOC	2,917,909	15.8%	2,702,257	15.2%	51,398,766	45.4%	50,463,598	44.3%
Muscat	Al Rusail SAOC	3,176,678	17.2%	3,149,107	17.7%				
Muscat	PWP purchases	0	0.0%	8,900	0.0%				
North Batinah	PWP purchases	0	0.0%	167,921	0.9%				
North Batinah	Sohar Power Company	3,343,225	18.1%	3,119,457	17.5%	32,380,178	28.6%	30,319,312	26.6%
North Batinah	Wadi Jizzi SAOC	748,302	4.1%	741,875	4.2%				
South Batinah	AES Barka SAOG	2,489,860	13.5%	2,305,126	12.9%	28,571,394	25.2%	28,068,015	24.7%
South Batinah	SMN Barka SAOC	1,263,114	6.8%	1,183,338	6.6%			4,078,070	3.6%
Sultanate Totals 2009		**18,445,296**		**17,823,080**		**113,262,643**		**113,823,424**	
Change from 2008 (%)		*14.9%*		*12.6%*		*-0.6%*		*16.4%*	

Table 9 i

Monthly Production by System: MIS 2008 and 2009

2008		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
MIS	Jan-08	613.7	4.3%	600.7	4.3%	7,472.5	6.6%	6,953.9	7.2%
MIS	Feb-08	577.1	4.1%	580.2	4.1%	6,930.4	6.1%	6,555.5	6.8%
MIS	Mar-08	846.6	6.0%	842.8	6.0%	8,769.0	7.7%	7,963.5	8.2%
MIS	Apr-08	1,153.8	8.1%	1,151.4	8.2%	9,669.4	8.5%	7,868.3	8.1%
MIS	May-08	1,608.5	11.3%	1,586.8	11.3%	11,273.0	10.0%	8,668.0	8.9%
MIS	Jun-08	1,607.5	11.3%	1,647.0	11.7%	11,117.1	9.8%	8,514.7	8.8%
MIS	Jul-08	1,627.1	11.4%	1,662.7	11.8%	11,039.8	9.8%	8,522.8	8.8%
MIS	Aug-08	1,561.2	11.0%	1,512.8	10.8%	9,538.4	8.4%	8,149.1	8.4%
MIS	Sep-08	1,592.4	11.2%	1,534.6	10.9%	9,391.6	8.3%	8,184.0	8.4%
MIS	Oct-08	1,378.6	9.7%	1,345.8	9.6%	9,899.3	8.7%	8,353.1	8.6%
MIS	Nov-08	928.9	6.5%	893.6	6.4%	9,107.7	8.0%	8,700.1	9.0%
MIS	Dec-08	716.2	5.0%	675.5	4.8%	8,965.9	7.9%	8,645.5	8.9%
2008 Totals		**14,211.6**		**14,034.0**		**113,174.1**		**97,078.4**	

2009		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
MIS	Jan-09	697.1	4.3%	649.3	4.1%	8,229.3	7.3%	7,765.7	6.9%
MIS	Feb-09	715.6	4.4%	673.0	4.3%	8,433.0	7.5%	8,081.1	7.2%
MIS	Mar-09	1,025.5	6.3%	981.8	6.2%	9,680.2	8.6%	9,378.5	8.3%
MIS	Apr-09	1,153.2	7.1%	1,110.3	7.1%	8,920.4	7.9%	8,602.1	7.6%
MIS	May-09	1,777.2	10.9%	1,741.5	11.1%	10,857.3	9.7%	10,429.1	9.2%
MIS	Jun-09	1,898.7	11.7%	1,844.7	11.7%	10,388.5	9.2%	10,125.1	9.0%
MIS	Jul-09	1,979.9	12.2%	1,925.0	12.2%	10,582.2	9.4%	10,317.7	9.1%
MIS	Aug-09	1,925.1	11.8%	1,865.6	11.9%	10,576.5	9.4%	10,293.2	9.1%
MIS	Sep-09	1,751.2	10.7%	1,705.0	10.8%	10,057.2	9.0%	9,787.7	8.7%
MIS	Oct-09	1,476.3	9.1%	1,417.4	9.0%	9,865.6	8.8%	9,468.9	8.4%
MIS	Nov-09	1,026.8	6.3%	977.6	6.2%	7,133.8	6.3%	8,548.8	7.6%
MIS	Dec-09	865.9	5.3%	827.5	5.3%	7,626.4	6.8%	10,131.1	9.0%
2009 Totals		**16,292.5**		**15,718.8**		**112,350.3**		**112,929.0**	

Table 9 ii

Monthly Production by System: Rural Systems 2008 and 2009

2008		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Rural Systems	Jan-08	15.4	4.4%	14.1	4.3%	61.7	8.3%	60.9	8.3%
Rural Systems	Feb-08	14.7	4.2%	13.5	4.2%	54.1	7.3%	53.4	7.3%
Rural Systems	Mar-08	21.8	6.2%	20.4	6.2%	62.4	8.4%	61.5	8.4%
Rural Systems	Apr-08	29.3	8.4%	27.6	8.5%	60.3	8.1%	59.7	8.1%
Rural Systems	May-08	38.3	11.0%	35.9	11.0%	66.5	9.0%	65.7	9.0%
Rural Systems	Jun-08	38.5	11.0%	36.1	11.1%	57.7	7.8%	56.9	7.8%
Rural Systems	Jul-08	38.3	11.0%	35.8	11.0%	51.7	7.0%	50.8	6.9%
Rural Systems	Aug-08	37.7	10.8%	35.3	10.8%	57.7	7.8%	57.0	7.8%
Rural Systems	Sep-08	39.0	11.2%	36.5	11.2%	66.6	9.0%	65.9	9.0%
Rural Systems	Oct-08	34.5	9.9%	32.1	9.9%	71.5	9.6%	71.0	9.7%
Rural Systems	Nov-08	23.9	6.8%	22.2	6.8%	65.5	8.8%	64.7	8.8%
Rural Systems	Dec-08	17.9	5.1%	16.4	5.0%	66.9	9.0%	65.6	9.0%
2008 Totals		**349.3**		**325.8**		**742.7**		**733.1**	

2009		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Rural Systems	Jan-09	17.2	4.3%	15.6	4.2%	70.0	7.7%	66.9	7.5%
Rural Systems	Feb-09	17.9	4.5%	16.5	4.4%	69.6	7.6%	63.8	7.1%
Rural Systems	Mar-09	24.9	6.3%	23.2	6.3%	73.1	8.0%	72.5	8.1%
Rural Systems	Apr-09	29.9	7.5%	27.9	7.5%	73.8	8.1%	72.4	8.1%
Rural Systems	May-09	42.9	10.8%	40.1	10.8%	83.4	9.1%	80.5	9.0%
Rural Systems	Jun-09	42.6	10.8%	39.9	10.8%	76.4	8.4%	71.0	7.9%
Rural Systems	Jul-09	44.4	11.2%	41.8	11.3%	72.6	8.0%	68.0	7.6%
Rural Systems	Aug-09	44.8	11.3%	42.2	11.4%	76.0	8.3%	76.9	8.6%
Rural Systems	Sep-09	43.5	11.0%	40.9	11.0%	76.5	8.4%	79.5	8.9%
Rural Systems	Oct-09	37.6	9.5%	35.1	9.5%	83.4	9.1%	82.3	9.2%
Rural Systems	Nov-09	27.6	7.0%	25.8	7.0%	78.3	8.6%	80.0	8.9%
Rural Systems	Dec-09	22.8	5.8%	21.2	5.7%	79.4	8.7%	80.7	9.0%
2009 Totals		**396.0**		**370.2**		**912.3**		**894.4**	

Table 9 iii

Monthly Production by System: Salalah Power System 2008 and 2009

2008		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Salalah Power System	Jan-08	95.5	6.4%	94.2	6.4%				
Salalah Power System	Feb-08	82.0	5.5%	80.8	5.5%				
Salalah Power System	Mar-08	111.8	7.5%	110.2	7.5%				
Salalah Power System	Apr-08	135.5	9.1%	133.8	9.1%				
Salalah Power System	May-08	159.3	10.7%	157.3	10.7%				
Salalah Power System	Jun-08	155.6	10.5%	153.5	10.4%				
Salalah Power System	Jul-08	137.4	9.2%	135.6	9.2%				
Salalah Power System	Aug-08	122.8	8.2%	121.1	8.2%				
Salalah Power System	Sep-08	141.1	9.5%	139.4	9.5%				
Salalah Power System	Oct-08	134.0	9.0%	132.4	9.0%				
Salalah Power System	Nov-08	115.6	7.8%	114.1	7.8%				
Salalah Power System	Dec-08	98.1	6.6%	96.7	6.6%				
2008 Totals		**1,488.6**		**1,469.2**					

2009		Electricity Production				Related Water Production			
System	Month	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Salalah Power System	Jan-09	95.3	5.4%	94.1	5.4%				
Salalah Power System	Feb-09	100.3	5.7%	99.0	5.7%				
Salalah Power System	Mar-09	133.6	7.6%	132.0	7.6%				
Salalah Power System	Apr-09	155.8	8.9%	154.1	8.9%				
Salalah Power System	May-09	182.4	10.4%	179.6	10.4%				
Salalah Power System	Jun-09	181.2	10.3%	178.6	10.3%				
Salalah Power System	Jul-09	170.7	9.7%	168.3	9.7%				
Salalah Power System	Aug-09	160.2	9.1%	158.0	9.1%				
Salalah Power System	Sep-09	151.2	8.6%	149.3	8.6%				
Salalah Power System	Oct-09	155.6	8.9%	153.9	8.9%				
Salalah Power System	Nov-09	135.5	7.7%	133.9	7.7%				
Salalah Power System	Dec-09	135.0	7.7%	133.4	7.7%				
2009 Totals		**1,756.8**		**1,734.1**					

Table 10 i

Quarterly Production by System: 2006, 2007, 2008 & 2009

		Electricity Production				Related Water Production			
System	Period	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
MIS	Qtr 1-06	1,731.7	14.3%	1,653.0	14.0%	19,294.5	23.0%	18,591.8	22.6%
MIS	Qtr 2-06	3,718.5	30.7%	3,621.1	30.7%	21,890.4	26.1%	21,574.3	26.3%
MIS	Qtr 3-06	4,126.0	34.0%	4,036.9	34.3%	22,260.8	26.6%	21,915.8	26.7%
MIS	Qtr 4-06	2,545.4	21.0%	2,471.0	21.0%	20,355.4	24.3%	20,022.4	24.4%
2006 Totals		**12,121.5**		**11,782.0**		**83,801.1**		**82,104.4**	
MIS	Qtr 1-07	1,908.6	14.8%	1,822.2	14.6%	23,859.1	22.6%	19,157.0	22.7%
MIS	Qtr 2-07	3,973.3	30.8%	3,866.1	31.0%	27,661.9	26.2%	21,198.1	25.2%
MIS	Qtr 3-07	4,453.2	34.5%	4,311.6	34.5%	29,449.6	27.9%	22,752.1	27.0%
MIS	Qtr 4-07	2,579.5	20.0%	2,490.1	19.9%	24,545.0	23.3%	21,143.8	25.1%
2007 Totals		**12,914.6**		**12,490.0**		**105,515.6**		**84,250.9**	
MIS	Qtr 1-08	2,037.4	14.3%	2,023.7	14.4%	23,171.9	20.5%	21,472.9	22.1%
MIS	Qtr 2-08	4,369.9	30.7%	4,385.2	31.2%	32,059.5	28.3%	25,051.0	25.8%
MIS	Qtr 3-08	4,780.7	33.6%	4,710.1	33.6%	29,969.9	26.5%	24,855.9	25.6%
MIS	Qtr 4-08	3,023.7	21.3%	2,915.0	20.8%	27,972.9	24.7%	25,698.7	26.5%
2008 Totals		**14,211.6**		**14,034.0**		**113,174.1**		**97,078.4**	
MIS	Qtr 1-09	2,438.3	15.0%	2,304.1	14.7%	26,342.4	23.4%	25,225.3	22.3%
MIS	Qtr 2-09	4,829.0	29.6%	4,696.5	29.9%	30,166.3	26.9%	29,156.2	25.8%
MIS	Qtr 3-09	5,656.3	34.7%	5,495.6	35.0%	31,215.9	27.8%	30,398.6	26.9%
MIS	Qtr 4-09	3,368.9	20.7%	3,222.5	20.5%	24,625.8	21.9%	28,148.9	24.9%
2009 Totals		**16,292.5**		**15,718.8**		**112,350.3**		**112,929.0**	

Table 10 ii

Quarterly Production by System: 2006, 2007, 2008 & 2009

		Electricity Production				Related Water Production			
System	Period	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Rural Systems	Qtr 1-06	40.3	14.8%	36.8	14.6%	993.5	23.2%	991.2	23.2%
Rural Systems	Qtr 2-06	81.3	29.9%	75.6	30.0%	1,092.1	25.5%	1,087.8	25.4%
Rural Systems	Qtr 3-06	89.1	32.7%	83.0	32.9%	1,097.9	25.6%	1,094.1	25.6%
Rural Systems	Qtr 4-06	61.6	22.6%	57.1	22.6%	1,102.1	25.7%	1,105.8	25.8%
2006 Totals		**272.2**		**252.5**		**4,285.6**		**4,279.0**	
Rural Systems	Qtr 1-07	45.5	14.7%	41.9	14.5%	154.1	25.8%	150.0	24.9%
Rural Systems	Qtr 2-07	94.2	30.4%	88.3	30.5%	143.7	24.1%	136.9	22.7%
Rural Systems	Qtr 3-07	101.7	32.9%	95.4	33.0%	133.9	22.4%	137.5	22.8%
Rural Systems	Qtr 4-07	68.0	22.0%	63.6	22.0%	165.2	27.7%	177.6	29.5%
2007 Totals		**309.4**		**289.2**		**596.9**		**602.0**	
Rural Systems	Qtr 1-08	51.9	14.9%	48.0	14.7%	178.2	24.0%	175.8	24.0%
Rural Systems	Qtr 2-08	106.1	30.4%	99.6	30.6%	184.5	24.8%	182.3	24.9%
Rural Systems	Qtr 3-08	115.0	32.9%	107.6	33.0%	176.0	23.7%	173.6	23.7%
Rural Systems	Qtr 4-08	76.2	21.8%	70.7	21.7%	203.9	27.5%	201.4	27.5%
2008 Totals		**349.3**		**325.8**		**742.7**		**733.1**	
Rural Systems	Qtr 1-09	60.0	15.1%	55.3	14.9%	212.7	23.3%	203.2	22.7%
Rural Systems	Qtr 2-09	115.3	29.1%	107.9	29.2%	233.5	25.6%	223.8	25.0%
Rural Systems	Qtr 3-09	132.7	33.5%	125.0	33.8%	225.0	24.7%	224.3	25.1%
Rural Systems	Qtr 4-09	88.0	22.2%	82.1	22.2%	241.1	26.4%	243.0	27.2%
2009 Totals		**396.0**		**370.2**		**912.3**		**894.4**	

Table 10 iii

Quarterly Production by System: 2006, 2007, 2008 & 2009

		Electricity Production				Related Water Production			
System	Period	Gross GWh	% Year	Net GWh	% Year	Gross '000 m3	% Year	Net '000 m3	% Year
Salalah Power System	Qtr 1-06	246.5	19.4%	243.2	19.4%				
Salalah Power System	Qtr 2-06	397.4	31.3%	391.1	31.2%				
Salalah Power System	Qtr 3-06	320.0	25.2%	315.5	25.2%				
Salalah Power System	Qtr 4-06	306.6	24.1%	302.5	24.2%				
2006 Totals		**1,270.5**		**1,252.3**					
Salalah Power System	Qtr 1-07	275.0	19.6%	271.5	19.6%				
Salalah Power System	Qtr 2-07	418.6	29.8%	412.3	29.7%				
Salalah Power System	Qtr 3-07	376.8	26.8%	372.2	26.8%				
Salalah Power System	Qtr 4-07	336.0	23.9%	331.6	23.9%				
2007 Totals		**1,406.5**		**1,387.5**					
Salalah Power System	Qtr 1-08	289.2	19.4%	285.3	19.4%				
Salalah Power System	Qtr 2-08	450.4	30.3%	444.5	30.3%				
Salalah Power System	Qtr 3-08	401.3	27.0%	396.2	27.0%				
Salalah Power System	Qtr 4-08	347.7	23.4%	343.2	23.4%				
2008 Totals		**1,488.6**		**1,469.2**					
Salalah Power System	Qtr 1-09	329.2	18.7%	325.0	18.7%				
Salalah Power System	Qtr 2-09	519.4	29.6%	512.3	29.5%				
Salalah Power System	Qtr 3-09	482.1	27.4%	475.5	27.4%				
Salalah Power System	Qtr 4-09	426.1	24.3%	421.2	24.3%				
2009 Totals		**1,756.8**		**1,734.1**					

Table 11

RAEC Capacity, System Peak demands, Electricity and Water Production, and Fuel consumption by Region

2009

				Generating Capacity			Water Capacity			System Peak Demands, Production & Fuel Consumption						
RSNum	Facility	Type	Start Year	Installed kW	Derated kW	Num units	Installed m3/day	Num units	@ Ref SC	System Peak kW	Demand margin	Gross MWh	Net MWh	Gross 000'm3	Net 000'm3	Diesel 000'Ltrs
Al Dahirah																
02/020	Masrooq	Electricity	1994	769	615	6	0	0	50oC	288	53.2%	516	470	0	0	193
	Totals for 1 Systems in Al Dahirah			**769**	**615**	**6**	**0**	**0**				**516**	**470**	**0**	**0**	**193**
Al Sharqiya																
02/019	Masirah	Cogen	1976	16,869	13,495	12	3,300	8	50oC	8,200	39.2%	39,092	29,860	763	751	10,793
04/001	Al Kamil	Electricity	1980	2,200	1,760	3	0	0	50oC			0	0	0	0	0
04/002	BBB Hassan	Electricity	1980	20,836	16,668	4	0	0	50oC			0	0	0	0	0
04/003	Mudhaibi	Electricity	1980	24,000	19,277	7	0	0	50oC			0	0	0	0	0
04/004	Mudhairib	Electricity	1980	35,938	28,750	12	0	0	50oC			0	0	0	0	0
04/005	Sur 1	Electricity	1980	49,200	40,900	14	0	0	50oC			0	0	0	0	0
	Totals for 6 Systems in Al Sharqiya			**149,043**	**120,850**	**52**	**3,300**	**8**				**39,092**	**29,860**	**763**	**751**	**10,793**
Al Wusta																
02/001	AbuMudabi	Cogen	1985	670	536	7	100	2	50oC	117	78.2%	265	0	27	25	94
02/027	Sawgrah	Cogen	1998	584	467	3	100	1	50oC	50	89.3%	4	0	34	34	2
02/004	Al Kahal	Electricity	1999	6,360	5,088	6	0	0	50oC	2,200	56.8%	8,635	8,552	0	0	2,946
02/005	Al Khaluf	Electricity	2007	2,000	1,600	2	0	0	50oC	367	77.1%	1,494	1,399	0	0	603
02/006	Al Khuiaima	Electricity	2004	1,200	960	4	0	0	50oC	800	16.7%	3,257	3,143	0	0	1,025
02/007	Al Lakbi	Electricity	1999	773	613	4	0	0	50oC	1,230	-100.7%	2,992	2,949	0	0	983
02/008	Alajaiz	Electricity	2006	1,130	904	4	0	0	50oC	430	52.4%	1,294	1,085	0	0	566
02/010	AlNajdah	Electricity	2007	2,200	1,760	3	0	0	50oC	669	62.0%	2,120	2,004	0	0	814
02/012	AlZhaiah	Electricity	2003	400	320	2	0	0	50oC	275	14.1%	861	825	0	0	296
02/016	Hij	Electricity	1999	10,600	8,480	7	0	0	50oC	4,300	49.3%	15,830	15,550	0	0	4,654
02/017	Hitam	Electricity	2007	1,330	1,064	5	0	0	50oC	370	65.2%	1,498	1,348	0	0	667
02/025	Ras Madraka	Electricity	2000	1,079	863	5	0	0	50oC	1,050	-21.7%	4,591	4,533	0	0	1,576
02/030	Surab	Electricity	2006	2,200	1,760	3	0	0	50oC	641	63.6%	2,196	2,085	0	0	789
02/031	Al Duqm	Electricity	1999	1,331	1,065	5	0	0	50oC	1,770	-66.2%	7,008	6,935	0	0	2,211
02/045	Dhafrat	Electricity	2009	1,860	1,488	4	0	0	50oC	450	69.8%	1,035	962	0	0	451
	Totals for 15 Systems in Al Wusta			**33,717**	**26,968**	**64**	**200**	**3**				**53,080**	**51,369**	**61**	**59**	**17,678**

Table 11

RAEC Capacity, System Peak demands, Electricity and Water Production, and Fuel consumption by Region

2009

				Generating Capacity			Water Capacity			System Peak Demands, Production & Fuel Consumption						
RSNum	Facility	Type	Start Year	Installed kW	Derated kW	Num units	Installed m3/day	Num units	@ Ref SC	System Peak kW	Demand margin	Gross MWh	Net MWh	Gross 000'm3	Net 000'm3	Diesel 000'Ltrs
Dhofar																
01/001	Al Halaniyat	Cogen	1987	1,444	1,155	7	198	3	50oC	280	75.8%	1,445	1,004	34	34	471
01/002	Al Mathfa	Electricity	2002	365	292	4	0	0	50oC	78	73.3%	160	155	0	0	91
01/005	Ayboot (1)	Electricity	2002	495	396	4	0	0	50oC	128	67.7%	420	409	0	0	185
01/006	Ayboot (2)	Electricity	2006	575	460	4	0	0	50oC	220	52.2%	532	512	0	0	265
01/007	Ayun	Electricity	2000	745	596	4	0	0	50oC	205	65.6%	404	391	0	0	145
01/008	Barbazum	Electricity	2000	976	781	4	0	0	50oC	320	59.0%	1,238	1,223	0	0	409
01/010	Dalkut A	Electricity	1992	1,480	1,184	4	0	0	50oC	850	28.2%	3,299	3,294	0	0	961
01/011	Dalkut B	Electricity	1997	3,128	2,502	5	0	0	50oC	1,860	25.7%	5,617	5,595	0	0	1,798
01/012	Dhahabun	Electricity	2000	975	780	4	0	0	50oC	630	19.2%	1,873	1,864	0	0	592
01/014	Fatkhat	Electricity	2002	458	366	4	0	0	50oC	150	59.0%	503	491	0	0	162
01/015	Hasik	Electricity	1992	1,196	957	3	0	0	50oC	880	8.0%	3,686	3,669	0	0	1,123
01/016	Hirweeb	Electricity	2001	875	700	4	0	0	50oC	390	44.3%	1,339	1,320	0	0	457
01/017	Horaat	Electricity	2002	490	392	4	0	0	50oC	184	53.1%	522	504	0	0	275
01/019	Mahwice	Electricity	2002	402	322	4	0	0	50oC	120	62.7%	388	377	0	0	139
01/020	Maqshan	Electricity	2001	1,390	1,112	5	0	0	50oC	490	55.9%	1,541	1,500	0	0	483
01/021	Mazyunah	Electricity	2000	2,408	1,926	5	0	0	50oC	1,780	7.6%	8,083	8,024	0	0	2,460
01/023	Mitan	Electricity	2001	987	790	4	0	0	50oC	560	29.1%	2,091	2,072	0	0	759
01/024	Mothorah	Electricity	2006	440	352	2	0	0	50oC	152	56.8%	494	483	0	0	238
01/025	Mudhai	Electricity	1993	1,184	947	5	0	0	50oC	615	35.1%	1,992	1,973	0	0	857
01/026	Rabkut	Electricity	2000	800	640	4	0	0	50oC	355	44.5%	1,080	1,062	0	0	351
01/027	Raysut A	Electricity	1983	36,000	30,000	6	0	0	50oC			15,014	13,855	0	0	3,955
01/028	Raysut B	Electricity	1988	53,000	40,000	8	0	0	50oC			33,563	31,844	0	0	9,442
01/032	Saih Alkirat	Electricity	2006	20,544	16,435	12	0	0	50oC	6,890	58.1%	34,794	34,756	0	0	8,851
01/035	Shahb Asayb	Electricity	2000	3,500	2,800	4	0	0	50oC	2,744	2.0%	10,154	10,046	0	0	3,146
01/037	Sharbatat	Electricity	1998	2,728	2,182	5	0	0	50oC	750	65.6%	3,326	3,300	0	0	1,075
01/040	Tushnat	Electricity	2001	900	720	4	0	0	50oC	180	75.0%	798	778	0	0	307
	Totals for 26 Systems in Dhofar			**137,485**	**108,787**	**123**	**198**	**3**				**134,353**	**130,501**	**34**	**34**	**38,998**

Table 11

RAEC Capacity, System Peak demands, Electricity and Water Production, and Fuel consumption by Region

2009

RSNum	Facility	Type	Start Year	Generating Capacity Installed kW	Generating Capacity Derated kW	Generating Capacity Num units	Water Capacity Installed m3/day	Water Capacity Num units	@ Ref SC	System Peak Demands, Production & Fuel Consumption: System Peak kW	Demand margin	Gross MWh	Net MWh	Gross 000'm3	Net 000'm3	Diesel 000'Ltrs
Musandam																
03/006	Kumzar	Cogen	1984	936	749	2	250	2	50oC	850	-13.5%	480	289	55	51	172
03/001	Al Rawda	Electricity	1996	325	260	4	0	0	50oC	170	34.6%	489	449	0	0	228
03/002	Dibba	Electricity	1978	17,430	13,944	8	0	0	50oC	12,600	9.6%	57,519	53,327	0	0	16,134
03/004	HB Hameed	Electricity	1994	100	80	2	0	0	50oC	62	22.5%	232	181	0	0	132
03/005	Khasab	Electricity	1982	41,000	32,800	10	0	0	50oC	31,600	3.7%	141,466	133,139	0	0	37,978
03/007	Madha	Electricity	1982	7,516	6,013	7	0	0	50oC	4,060	32.5%	17,362	16,346	0	0	4,975
Totals for 6 Systems in Musandam				**67,307**	**53,846**	**33**	**250**	**2**				**217,547**	**203,731**	**55**	**51**	**59,619**
Totals for 54 RAEC Production Systems				**386,887**	**309,924**	**278**	**3,948**	**16**				**444,588**	**415,931**	**912**	**894**	**127,281**

2009 Regional Summary	Generating Capacity Installed kW	Generating Capacity Derated kW	Generating Capacity Num units	Water Capacity Installed m3/day	Water Capacity Num units	Production & Fuel Consumption: Gross MWh	Net MWh	Gross 000'm3	Net 000'm3	Diesel 000'Ltrs
Totals for 1 RAEC System in Al Dahirah	769	615	6	0	0	516	470	0	0	193
Totals for 6 RAEC Systems in Al Sharqiya	149,043	120,850	52	3,300	8	39,092	29,860	763	751	10,793
Totals for 15 RAEC Systems in Al Wusta	33,717	26,968	64	200	3	53,080	51,369	61	59	17,678
Totals for 26 RAEC Systems in Dhofar	137,485	108,787	123	198	3	134,353	130,501	34	34	38,998
Totals for 6 RAEC Systems in Musandam	67,307	53,846	33	250	2	217,547	203,731	55	51	59,619
Totals for 54 RAEC Production System	**388,321**	**311,066**	**278**	**3,948**	**16**	**444,588**	**415,931**	**912**	**894**	**127,281**

Table 12

Technical and non-technical Losses by System: 2006, 2007, 2008 and 2009

	Main Interconnected System					Rural Systems					Salalah System				
GWh	**2006**	**2007**	**2008**	**2009**	**% Change**	**2006**	**2007**	**2008**	**2009**	**% Change**	**2006**	**2007**	**2008**	**2009**	**% Change**
Sent out Generation:	11,753.1	12,367.5	13,649.0	15,530.2	*10.4%*	252.5	289.2	326.8	370.2	*13.3%*	1,224.3	1,373.0	1,467.1	1,688.4	*15.1%*
'Other' Purchases (note 1):	28.9	122.5	385.0	188.6	*214.3%*	25.3	29.5	33.5	40.2	*20.3%*	28.0	14.5	2.1	45.7	*2074.7%*
GWh entering systems:	11,782.0	12,490.0	14,034.0	15,718.8	*12.4%*	277.8	318.7	360.3	410.5	*13.9%*	1,252.3	1,387.5	1,469.2	1,734.1	*18.0%*
GWh Suppy to Customers:	9,219.8	9,757.8	11,317.4	12,713.6	*16.0%*	246.1	273.0	311.5	368.0	*18.1%*	1,029.4	1,162.4	1,221.2	1,401.5	*14.8%*
Total Losses %	**21.7%**	**21.9%**	**19.4%**	**19.1%**	***-1.2%***	**11.4%**	**14.3%**	**13.5%**	**10.3%**	***-23.6%***	**17.8%**	**16.2%**	**16.9%**	**19.2%**	***13.6%***

Note 1: Main Interconnected System Other purchases are PWP purchases from MIS connected entities
Rural Systems Other purchases are purchases from PDO
Salalah Other purchases are units purchased by PWP from RAEC for sale to DPC SAOG

ANNEX D:
ELECTRICITY SUBSIDY CALCULATIONS

Annex D - A: 2009 MIS Outturn Subsidy

Maximum Allowed Revenues *Rial Omani*	Muscat	Majan	Mazoon	2009 Outturn **Total**	2008 Outturn **Total**	**Variance**
PC	83,093,887	42,446,572	56,785,265	**182,325,724**	158,682,747	15%
C	1,202,310	717,463	1,498,581	**3,418,354**	32,191,066	30%
UofS	17,249,088	8,605,333	12,562,254	**38,416,675**		
DB (Distribution)	26,710,543	22,441,383	31,797,317	**80,949,243**	70,595,576	35%
SB (Supply)	5,374,808	3,307,045	5,409,477	**14,091,330**		
LF	260,682	260,682	260,682	**782,045**	474,590	65%
K	6,342,817	1,084,226	1,536,025	**8,963,068**	19,041,803	-53%
MAR (2009)	**127,548,501**	**76,694,251**	**106,777,551**	**311,020,303**	**242,902,175**	**28%**

Actual Regulated Revenues	Muscat	Majan	Mazoon	**Total**	**Total**	**Variance**
Approved Subsidy	25,402,000	31,199,000	50,891,000	**107,492,000**	71,681,154	50%
Permitted Tariff (& other) Revenue	102,536,644	44,801,939	54,180,495	**201,519,078**	179,837,092	12%
ARR (2009)	**127,938,644**	**76,000,939**	**105,071,495**	**309,011,078**	**251,518,246**	**23%**
Outturn Subsidy Requirement	25,011,857	31,892,313	52,597,055	**109,501,225**	63,065,083	74%

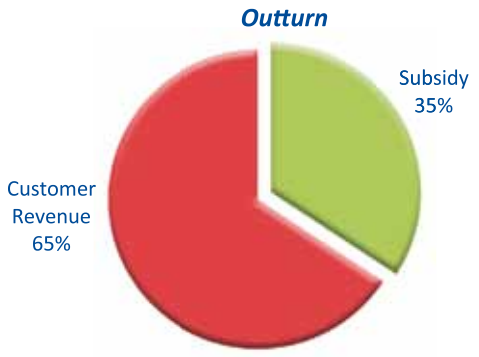
2009 Economic Cost (bz/kWh)	Muscat	Majan	Mazoon	**Total**	**Total**	**Variance**
Economic Cost	21.7	25.5	27.8	**24.5**	21.5	14%
Subsidy (Outturn)	4.3	10.6	13.7	**8.6**	5.6	52%
Customer Revenue	17.5	14.9	14.1	**15.9**	15.9	0.1%

Source: Company returns, Authority Estimates

Key:

PC means the cost of bulk supply purchases from the PWP
C means Connection related costs
UofS means Use of System costs
LF means the Licence Fee
K means the Correction Factor

2009 MIS Revenue & Subsidy



Annex D - B: 2010 MIS Subsidy Forecast

Maximum Allowed Revenues *Rial Omani*				2010 Forecast	2009 Outturn	
	Muscat	Majan	Mazoon	**Total**	**Total**	**Variance**
PC	95,160,511	49,203,458	64,641,303	**209,005,271**	**182,325,724**	15%
C	1,566,205	1,109,373	1,277,492	**3,953,070**	**3,418,354**	16%
UofS	17,965,817	10,790,754	13,212,478	**41,969,049**	**38,416,675**	9%
DB (Distribution)	27,660,260	23,858,230	33,285,032	**84,803,522**	**80,949,243**	5%
SB (Supply)	5,690,567	3,503,568	5,739,436	**14,933,571**	**14,091,330**	6%
LF	142,783	142,783	142,783	**428,350**	**782,045**	-45%
K	399,465	-709,874	-1,643,865	**-1,954,274**	**8,963,068**	-122%
MAR (2010)	**147,786,678**	**89,318,039**	**119,942,390**	**357,047,107**	**311,020,303**	15%

Actual Regulated Revenues						
	Muscat	Majan	Mazoon	**Total**	**Total**	**Variance**
Subsidy	37,352,512	35,467,794	59,568,585	**132,388,891**	**107,492,000**	23%
Permitted Tariff (& other) Revenue	110,434,166	53,850,246	60,373,805	**224,658,216**	**201,519,078**	11%
ARR (2010)	**147,786,678**	**89,318,039**	**119,942,390**	**357,047,107**	**309,011,078**	**16%**

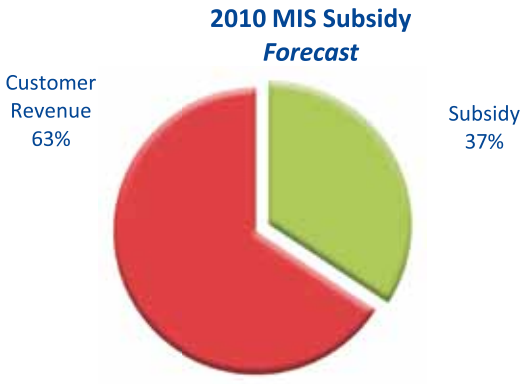
2010 Economic Cost (bz/kWh)						
	Muscat	Majan	Mazoon	**Total**	**Total**	**Variance**
Economic Cost	23.4	24.8	27.8	**25.1**	**24.6**	2%
Subsidy	5.9	9.9	13.8	**9.3**	**8.6**	8%
Customer Revenue	17.5	15.0	14.0	**15.8**	**15.9**	-1%

Source: Company returns, Authority Estimates

Key:

PC means the cost of bulk supply purchases from the PWP
C means Connection related costs
UofS means Use of System costs
LF means the Licence Fee
K means the Correction Factor

All in relevant year t



Annex D - C: RAEC 2009 Outturn & 2010 Subsidy Estimate

$MAR = G_t + D\&S_t + Fuel_t + PC_t$ Final 2009 outturn

Where $D\&S_t = a_t + (b_t * RUD_{t)} + (c_t * CA_t)$) 2010 forecast, NV uplifted by CPI

t	2009	2010
G_t	8,262,586	8,360,563
a_t	**5,644,395**	**5,711,326**
b_t	2.99	3.03
RUD_t	368,021	434,684
b_t Revenue	**1,100,555**	**1,315,323**
ct	80.05	80.99
CA_t	20,238	21,727
ct Revenue	**1,619,966**	**1,759,781**
$D\&S_t$	8,364,916	8,786,430
$Fuel_t$	16,866,000	19,564,560
PC_t	402,488	430,000
License Fees	164,641	120,009
Total Econ. Costs	**34,060,631**	**37,261,562**
Customer Revenue	5,435,985	7,606,967
Economic Subsidy	**28,624,646**	**29,654,594**

Subsidy correction t - 1	4,261,075	772,107
Subsidy Requirement Year t	***32,885,721***	***30,426,701***
Actual Subsidy payments in 2009	32,113,614	
Overrecovery	-772,107	

	2010	
Q1	4,411,872	*14.5%*
Q2	8,397,769	*27.6%*
Q3	9,797,398	*32.2%*
Q4	7,819,662	*25.7%*
Check Total	**30,426,701**	

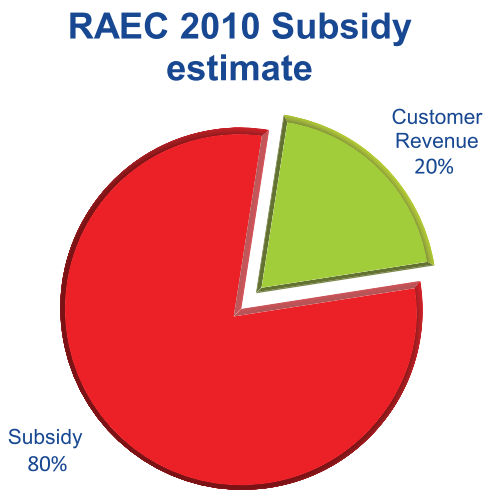
Sources: RAEC 2009 SCRC, Authority calculations

Key:
MAR means Maximum Allowed Revenue
Gt means Generation costs
D&S means Distribution & Supply costs

where RUD means Regulated Units Distributed
CA means Customer Accounts
a b and c are the Notified Values (NV)

Fuel means Fuel costs
PC means PDO Purchase Costs

All in relevant year t



ANNEX E: RENEWABLE ENERGY AND ENERGY EFFICIENCY SEMINARS

Guests of Honour and VIPs

Presentation Speakers

Delegates

Annex F: Electricity & Related Water Sector Employment - 2009

Employment by Nationality, Direct/Indirect (Contractor)
Job Function, Company and System

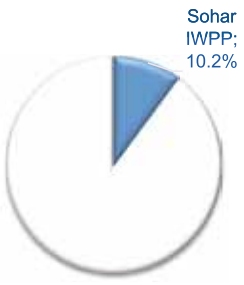
			Main Interconnected System													RAEC Systems	Salalah System			Total Sultanate of Oman
			Production Facilities								*Transmission & Dispatch*	*Distribution & Supply*			*Procurement*					
Nationality	**Type**	**Detail**	AES Barka	Al Kamil	Manah	Rusail	Sohar IWPP	Wadi Jizzi	SMN Barka II	Ghubrah	OETC	Majan	Mazoon	Muscat	PWP (Muscat)	Total MIS	**RAEC SAOC**	PWP (Salalah)	Dhofar Power Company SAOG	Total Salalah	**Total Sultanate of Oman**
Omani	**Direct**	Administrative/ Supervisory	3	1	2	0	3	14	2	48	51	93	154	120	16	507	73	3	14	17	597
		Managerial	3	1	1	2	0	9	0	5	9	21	8	28	5	92	14	2	5	7	113
		Operations	19	0	0	5	0	17	0	74	5	0	0	13	0	133	2	0	7	7	142
		Technical	5	0	0	2	0	8	0	59	68	95	165	138	5	545	71	4	23	27	643
		Others	0	0	0	0	0	13	0	3	7	8	7	34	1	73	37	2	18	20	130
	Direct Total		***30***	***2***	***3***	***9***	***3***	***61***	***2***	***189***	***140***	***217***	***334***	***333***	***27***	***1,350***	***197***	***11***	***67***	***78***	***1,625***
	Contractor	Contracted Admin/Supervisory	0	3	3	1	3	0	15	0	2	88	242	153	0	510	17	0	27	27	554
		Contracted Managerial	0	0	0	0	1	0	2	0	0	12	17	0	0	32	5	0	4	4	41
		Contracted Operations	0	8	17	14	15	0	20	0	261	32	409	0	0	776	126	0	1	1	903
		Contracted Technical	0	5	12	11	8	0	5	0	0	24	28	218	0	311	104	0	86	86	501
		Contracted Others	8	0	8	12	4	0	15	0	7	118	154	0	0	326	191	0	30	30	547
	Contractor Total		***8***	***16***	***40***	***38***	***31***	***0***	***57***	***0***	***270***	***274***	***850***	***371***	***0***	***1,955***	***443***	***0***	***148***	***148***	***2,546***
Omani Totals			***38***	***18***	***43***	***47***	***34***	***61***	***59***	***189***	***410***	***491***	***1,184***	***704***	***27***	***3,305***	***640***	***11***	***215***	***226***	***4,171***
Expatriate	**Direct**	Administrative/ Supervisory	4	1	2	0	3	0	1	9	12	6	4	6	0	48	7	0	3	3	58
		Managerial	4	2	1	0	4	2	2	3	0	0	0	4	7	29	3	2	10	12	44
		Operations	9	0	0	0	0	0	0	22	0	0	0	2	0	33	2	0	9	9	44
		Technical	10	0	0	0	0	14	0	81	13	11	3	13	2	147	12	0	31	31	190
		Others	0	0	0	0	0	0	0	1	0	0	0	1	0	2	2	0	0	0	4
	Direct Total		***27***	***3***	***3***	***0***	***7***	***16***	***3***	***116***	***25***	***17***	***7***	***26***	***9***	***259***	***26***	***2***	***53***	***55***	***340***
	Contractor	Contracted Admin/Supervisory	0	0	3	0	4	0	21	4	5	61	34	22	0	154	51	0	9	9	214
		Contracted Managerial	0	3	3	3	4	0	16	0	0	19	2	0	0	50	17	0	5	5	72
		Contracted Operations	0	5	3	2	21	0	18	0	81	28	29	0	0	187	160	0	16	16	363
		Contracted Technical	0	6	9	15	20	0	41	15	24	257	330	223	0	940	202	0	31	31	1,173
		Contracted Others	15	0	3	4	4	0	13	0	7	63	24	0	0	133	27	0	1	1	161
	Contractor Total		***15***	***14***	***21***	***24***	***53***	***0***	***109***	***19***	***117***	***428***	***419***	***245***	***0***	***1,464***	***457***	***0***	***62***	***62***	***1,983***
Expatriate Totals			***42***	***17***	***24***	***24***	***60***	***16***	***112***	***135***	***142***	***445***	***426***	***271***	***9***	***1,723***	***483***	***2***	***115***	***117***	***2,323***
Grand Totals			**80**	**35**	**67**	**71**	**94**	**77**	**171**	**324**	**552**	**936**	**1,610**	**975**	**36**	**5,028**	**1,123**	**13**	**330**	**343**	**6,494**
% Company/System Total			1.6%	0.7%	1.3%	1.4%	1.9%	1.5%	3.4%	6.4%	11.0%	18.6%	32.0%	19.4%	0.7%	**100.0%**	**100.0%**	3.8%	96.2%	**100.0%**	
% Total Sultanate			1.2%	0.5%	1.0%	1.1%	1.4%	1.2%	2.6%	5.0%	8.5%	14.4%	24.8%	15.0%	0.6%	77.4%	**17.3%**	0.2%	5.1%	5.3%	100.0%
% Omani of Company/System Total			0.8%	0.4%	0.9%	0.9%	0.7%	1.2%	1.2%	3.8%	8.2%	9.8%	23.5%	14.0%	0.5%	65.7%	**57.0%**	0.3%	6.5%	65.9%	
% Omani of Sultanate of Oman Total			0.6%	0.3%	0.7%	0.7%	0.5%	0.9%	0.9%	2.9%	6.3%	7.6%	18.2%	10.8%	0.4%	50.9%	**9.9%**	0.2%	3.3%	3.5%	64.2%

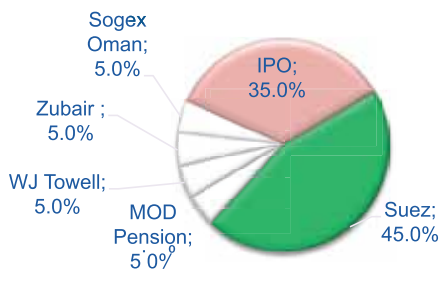
Annex G: MIS Total System Market Share: Suez, in 2013

Notes & Assumptions: 35% IPO of Sohar IWPP completed, Al Rusail & SMN Barka IPOs completed by 2013

Licensed Production Facility (MW)	Production Facility share of Total MIS Generation Capacity Market	Investor share of Licensed Production Facility	Investor share of Total MIS Generation Capacity Market

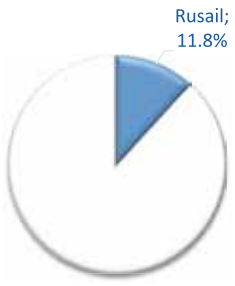
Sohar IWPP (590 MW)

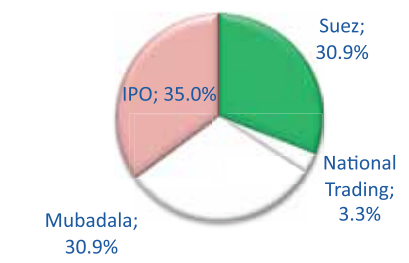




	Share of Plant MW	Share of Total MIS Market %
Suez : 45% * 590MW =	265.5	4.6%
MOD Pension : 5% * 590MW =	29.5	1.0%
WJ Towell : 5% * 590MW =	29.5	1.0%
Zubair : 5% * 590MW =	29.5	1.0%
Sogex Oman : 5% * 590MW =	29.5	1.0%
IPO: 35% * 590MW =	206.5	1.0%
	590.0	**9.7%**

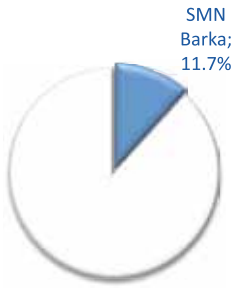
Rusail (684 MW)

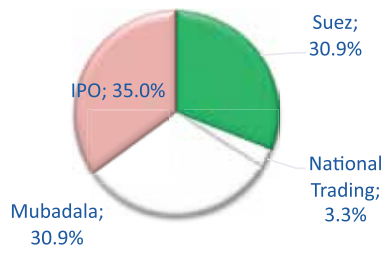




	Share of Plant MW	Share of Total MIS Market %
Suez : 30.9% * 684MW =	211.2	3.6%
National Trading : 3.3% * 684MW =	22.2	0.6%
Mubadala : 30.9% * 684MW =	211.2	3.6%
IPO : 35% * 684MW =	239.4	3.9%
	684.0	**11.8%**

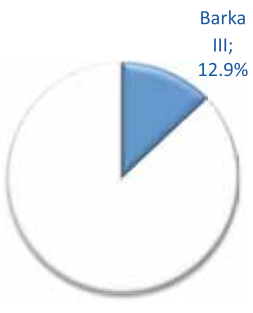
SMN Barka (679 MW)

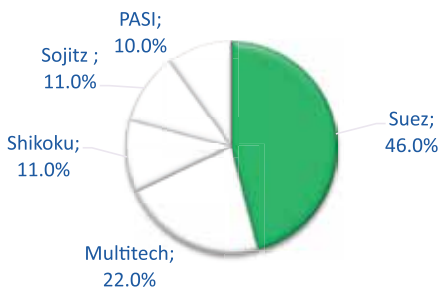




	Share of Plant MW	Share of Total MIS Market %
Suez : 30.9% * 679MW =	209.6	3.6%
National Trading : 3.3% * 679MW =	22.1	0.6%
Mubadala : 30.9% * 679MW =	209.6	3.6%
IPO : 35% * 679MW =	237.7	3.9%
	679.0	**11.7%**

Barka III (750 MW)





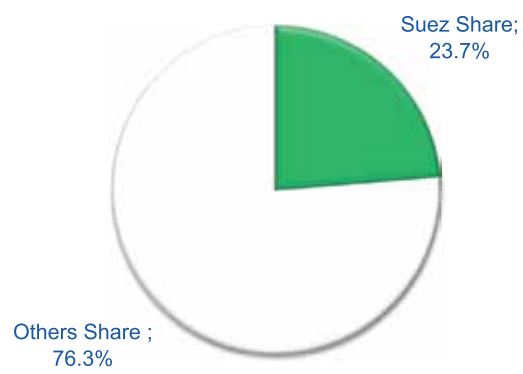
	Share of Plant MW	Share of Total MIS Market %
Suez : 46% * 750MW =	345.0	5.9%
Multitech : 22% * 750MW =	165.0	2.8%
Shikoku : 11% * 750MW =	82.5	1.4%
Sojitz : 11% * 750MW =	82.5	1.4%
PASI : 10% * 750MW =	75.0	1.3%
	750.0	**12.9%**

Sohar II (750 MW)

	Share of Plant MW	Share of Total MIS Market %
Suez : 46% * 750MW =	345.0	5.9%
Multitech : 22% * 750MW =	165.0	2.8%
Shikoku : 11% * 750MW =	82.5	1.4%
Sojitz : 11% * 750MW =	82.5	1.4%
PASI : 10% * 750MW =	75.0	1.3%
	750.0	**12.9%**

Total Market (5,807 MW)

Suez Share of Total System Generation Capacity Market in 2013



Suez Share of Total System Generation Market

2013	Suez Share MIS MW	Share of Total MIS Market %
Sohar IWPP	265.5	4.6%
Al Rusail	211.2	3.6%
SMN Barka	209.6	3.6%
Barka III	345.0	5.9%
Sohar II	345.0	5.9%
Suez Share	**1,376.3**	**23.7%**
Others Share	4,430.7	76.3%
Total MIS Generation capacity market	5807 MW	100.0%

Notes: Barka III & Sohar II full capacity COD in 2013
35% IPO of Sohar IWPP completed
Al Rusail & SMN Barka IPOs (each 35%) to be completed by 2013