

SULTANATE OF OMAN



هيئة تنظيم الكهرباء - عمان
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Licence Exemption Order No. (2/2008)

GRANTED TO

Orpic Refineries L.L.C

Commencement Date: 3 September 2008

Modification Date: 25 February 2016

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Licence Exemption Order No. (2/2008)

The Authority for Electricity Regulation, Oman, is the Authority established pursuant to Article (19) of Royal Decree (78/2004) and its amendments (the “**Sector Law**”). In exercise of the powers conferred on it by the Sector Law the Authority hereby makes the following Order:

ARTICLE (1) Citation and Commencement

- 1.1 This Order shall be referred to as Licence Exemption Order No. (2/2008) and shall come into effect on Commencement Date.

ARTICLE (2) Interpretation

- 2.1 In this order:

- 2.2 Definitions

"Affiliate"

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

"Commencement Date"

means the grant date of this Licence Exemption Order;

"Controls"

means, in respect of a Person by another, that that other (whether alone or with others and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise):

- (i) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that Person or of any other Person which controls that Person; or
- (ii) controls or has the power to control the affairs and policies of that Person or of any other Person which controls that Person; or

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

and, for those purposes, there shall be attributed to any Person the rights or powers of any nominee or associate of his and the rights and powers of any one or more Persons which he, or he and any nominee or associate of his, controls

and "**Control**" and "**Controlled**" shall be construed accordingly;

"Exemption"

means an Exemption granted pursuant to the Sector Law for the purposes of exempting a Person from the requirement to hold a Licence in relation to a Regulated Activity or from the requirement to comply with a particular condition or conditions of a Licence and **Exempt**, **Exempted** and **Exemption Holder** shall be construed accordingly;

"Licence Holder"	means a person granted a Licence by the Authority pursuant to the Sector Law, to undertake one or more of the Regulated Activities listed in Article (3) of the Sector Law;
"Modification Date"	means the date on which modifications to this Exemption Order No. (2/2008) approved by the Authority have affect, being 25 February 2016;
"Person"	includes an individual, partnership, company, firm, trust, body corporate, government, government body, authority, emanation, agency, instrumentality, unincorporated body or an association;
"Premises"	means any land, building or structure occupied or used by a Person;
"The Authority"	means the Authority for Electricity Regulation, Oman established pursuant to Article (19) of the Sector Law;
"Regulated Activity"	means each of the activities listed in Article (3) of the Sector Law;
"Sector Law"	means Royal Decree (78/2004) governing the Regulation and Privatisation of the Electricity and Related Water Sector as amended by Royal Decree (59/2009).

Terms defined in Law

2.3 Words and expressions, other than those defined in this Article (2), which are defined in the Sector Law, shall have the meanings ascribed to them in the Sector Law.

Paragraph references

2.4 References to paragraphs and Articles shall be to paragraphs of Articles in this Order and to Articles in this Order and in the Sector Law where indicated.

ARTICLE (3) Exemption

General

- 3.1 **Orpic Refineries L.L.C**¹ may, to the extent and for the purposes specified in paragraph 3.2, subject to the conditions specified in paragraph 3.3 and for the durations specified in paragraph 3.5, conduct the Regulated Activities specified in paragraph 3.2 without being required to be authorised to do so by a Licence granted by the Authority pursuant to Article (25) of the Sector Law. Accordingly, for those periods, to that extent, for those purposes and subject to compliance with those conditions, **Orpic Refineries L.L.C** shall not be in breach of Article (4) of the Sector Law.
- 3.2 Subject to the Conditions listed in paragraph 3.3 **Orpic Refineries L.L.C** shall be Exempt as described in paragraph 3.3 in relation to the following Regulated Activities:
- 3.2.1 At the Mina Al Fahal (MAF) site:
- (i) the **Generation of electricity co-located with the Desalination of water at the same site;**
 - (ii) the **Distribution of electricity;** and
 - (iii) the **Supply of electricity to Premises;**
- 3.2.2 At the Sohar site:
- (i) the **combined Generation of electricity and Desalination of water;**
 - (ii) the **Transmission of electricity;**
 - (iii) the **Distribution of electricity;** and
 - (iv) the **Supply of electricity to Premises;**

Conditions

- 3.3 The conditions referred to paragraph 3.1 in this Article are that:
- (a) The Exemption referred to in paragraph 3.2.1 (i) above in relation to **the Generation of electricity co-located with the Desalination of Water at the same site** applies:
- (i) to the undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
 - (ii) at and using the Production Facilities listed in Schedule A, and no other Production Facilities;
 - (iii) up to but not exceeding, and only for so long as those Production Facilities have no more than, the capacities listed in Schedule A; and
 - (iv) for the purpose listed in Schedule A.

¹ Formerly: Oman Refineries and Petrochemicals Company LLC

- (b) The Exemption referred to in paragraph 3.2.2 (i) above in relation to **the combined Generation of electricity and Desalination of water**, applies:
- (i) to the undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
 - (ii) at and using the Production Facilities listed in Schedule A, and no other Production Facilities;
 - (iii) up to but not exceeding, and only for so long as those Production Facilities have no more than, the capacities listed in Schedule A; and
 - (iv) for the purpose listed in Schedule A.
- (c) The Exemption in paragraphs 3.2.1 (ii) and 3.2.2 (iii) above in relation to **the Distribution of electricity** applies:
- (i) to the undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
 - (ii) at and using the Distribution Systems listed in Schedule A, and no other System;
 - (iii) to these Systems without extension;
 - (iv) for the purpose listed in Schedule A; and
 - (v) provided that the Exemption Holder Undertakes to comply with any requirements of the Grid Code and/or the Distribution Code applicable to it by virtue of a connection between the Exemption Holder's Systems and a System connected to the System of a Licence Holder.
- (d) The Exemption in paragraph 3.2.2 (ii) above in relation to the **Transmission of electricity** applies:
- (i) to undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
 - (ii) at and using the Transmission System listed in Schedule A, and no other System;
 - (iii) for the purpose listed in Schedule A; and
 - (iv) The Exemption Holder enters into a valid connection agreement with the Oman Electricity Transmission Company SAOC, and abides by the terms of the Grid Code in as far as applicable to it.
- (e) The Exemption referred to in paragraphs 3.2.1 (iii) and 3.2.2 (iv) above in relation to **Supply of electricity to Premises** applies:
- (i) to the undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
 - (ii) at and using the Systems referred to in paragraph 3.3(c) only and on the conditions referred to in those paragraphs; and

At the MAF site:

(iii) for the purposes of Supply to:

- (a) **Petroleum Development Oman (PDO)** (subject to the maximum limit stipulated in Schedule A) from the Exemption Holder's network in MAF, and

At the Sohar site:

- (b) **Orpic Aromatics LLC²** from the Exemption Holder's network in Sohar;

At the MAF site and the Sohar site:

- (c) subject to the prior written approval of the Authority and the limits stipulated therein, any other Person.
- (f) The Exemption Holder complies at all relevant times with regulations issued by the Authority pursuant to Article (38) of the Sector Law, so far as applicable to it;
- (g) The Exemption Holder shall from time to time as and when required by the Authority, provide to the Authority all such information concerning:
- (i) the matters contemplated by the regulations referred to in the foregoing paragraph; and
- (ii) the Regulated Activities which are the subject of this Exemption, as may be required by the Authority.
- 3.4 The Exemption Holder affording Persons appointed by the Authority pursuant to Article (148) of the Sector Law, unrestricted access to all plants and equipment and Premises used for the purpose of the Regulated Activities listed in paragraphs 3.2.1 and 3.2.2 above.

² Formerly: Aromatics Oman LLC

Duration

- 3.5 The Exemptions conferred by paragraph 3.2 in this Article shall last for the following periods:
- (a) For the **Generation of electricity co-located with the Desalination of Water at the same site at the MAF site**: 15 years (renewable) from the Commencement Date, or until revoked by regulations issued by the Authority pursuant to Article (38) of the Sector Law;
 - (b) For the **Combined Generation of electricity and Desalination of water at the Sohar site**: 15 years (renewable) from the Commencement Date, or until revoked by regulations issued by the Authority pursuant to Article (38) of the Sector Law;
 - (c) For the **Distribution of electricity**: 15 years from the Commencement Date, or until revoked by regulations issued by the Authority pursuant to Article (38) of the Sector Law;
 - (d) For the **Transmission of electricity**: 15 years (renewable) from the Commencement Date, or until revoked by regulations issued by the Authority pursuant to Article (38) of the Sector Law; and
 - (e) For the **Supply of electricity**: 15 years (renewable) from the Commencement Date, or until revoked by regulations issued by the Authority pursuant to Article (38) of the Sector Law.

ARTICLE (4) Exclusion from PWP Purchase Duty

- 4.1 The Production Capacity and Output of the Production Facilities listed in Schedule A shall be exempt from the exclusive right and purchase duty of the PWP pursuant to Article (76) of the Sector Law, to the extent that such capacity and Output is:
- (i) In the case of Electricity, used for the purposes of **Self-supply**;
 - (ii) used to **Supply electricity to Persons listed in** paragraph 3.3 (e) for the durations specified in 3.5 (e);
 - (iii) subject to the prior written approval of the Authority, used to **Supply electricity to any other Person** for the duration specified in the said approval; and
 - (iv) in the case of Desalinated Water Output, **used by the Exemption Holder** for the duration specified in 3.5 (a) or such other duration as may be stipulated by the Authority from time to time.

ARTICLE (5) Termination and review

- 5.1 The Authority may review and, if it considers appropriate and, subject to the Sector Law, terminate or modify this Exemption at any time and from time to time should it feel that a change of circumstances has arisen such that it is in the public interest for it to do so. Without prejudice to the generality of the foregoing, the Authority may, in particular, review and modify or terminate this Exemption if any of the following circumstances arises:
- (a) Liberalisation is proposed pursuant to Article (32) of the Sector Law;
 - (b) the Authority revokes any relevant Licence or Exemption;
 - (c) one or more of the conditions referred to in this Exemption is not complied with by the Exemption Holder;
 - (d) on a change of Control of the Exemption Holder which has not been approved in advance in writing by the Authority;
 - (e) if it is found that the issue of this Exemption has been based on inaccurate or incorrect information provided by the Exemption Holder or any Affiliate of the Exemption Holder;
 - (f) if the Exemption Holder seeks to Connect any System or Production Facility which is the subject of this Exemption Order, or if already Connected seeks a further connection, to the System of a Licence Holder;
 - (g) if, after its System has become Connected to the System of a Licence Holder, the Exemption Holder suffers termination of its connection agreement with the relevant Licence Holder or fails to comply with the requirements of the Grid Code and/or the Distribution Code, insofar as applicable to it.

Executive Director & Member

On behalf of the Authority for Electricity Regulation, Oman

25 February 2016

Schedule A: Technical & Other Details

This Schedule will contain the following details relating to the Regulated Activities:

Location

The location, layout and characteristics of the Production Facilities and System that are the subject of this Licence Exemption Order No. (2/2008) are shown in **Appendix 1** of the Licence Exemption application form.

Technology & installed capacities:

SOHAR

Type of Generator	Tag number	Capacity (ISO) rating
Gas Turbine Generator (SR)	GTG-5101A	20MW
Gas Turbine Generator (SR)	GTG-5101B	20MW
Steam Turbine Generator (SR)	STG-5101A	40MW
Steam Turbine Generator (SR)	STG-5101B	40MW
Emergency Diesel Generator (SR)	ME-5103	2.1 MW
Gas Turbine Generator (SRIP)	GTG-7101A	23 MW
Gas Turbine Generator (SRIP)	GTG-7101B	23 MW
Steam turbine Generator (SRIP)	GTG-7101A	32 MW
Steam turbine Generator (SRIP)	GTG-7101B	32 MW
Emergency Diesel Generator (SRIP)	02ER 7103	3 MW
Emergency Diesel Generator (PP)	EQ-0-EL-DG01	0.2 MW

Type of Desalination Unit	Tag number	Capacity
Reverse Osmosis	ME-5321	480 m ³ /hour
Multi-Effect Desalination (MED)	ME-7321 A/B/C	774 m ³ /hr (aggregated)

MAF

Type of Generator	Tag number	Capacity (ISO) rating
2 Gas Turbine Generators	GTG-1	52 MW (aggregate)
4 Gas Turbine Generator	GTG-2	10 MW (aggregate)
Emergency Diesel Generators	GT-1/2/3/4/5	1.28 MW (aggregate)

Type of Desalination unit	Capacity
Multi Effect Distillation (MED)	187.5 m ³ /hour (net aggregate)

Primary fuel

SOHAR

The Gas Turbine Generators are fuelled by gas from the refinery, supplemented by natural gas as required.

MAF

The Gas Turbine Generators are fuelled by Natural Gas supplemented by the gas from the Refinery. The Gas Turbine Generators are also provided with Gas Oil as emergency fuel.

Purposes

The Production Facilities that are the subject of this Licence Exemption Order No. (2/2008) will:

- (1) provide electricity to Orpic Aromatics L.L.C from the Exemption Holder's system in Sohar for the durations stipulated in this Licence Exemption Order;
- (2) the Emergency Diesel Generators will provide emergency power for black start requirements, emergency lighting, air conditioner for DCS, and effluent pumps in the Exemption Holder's systems in Sohar and Mina Al Fahal;
- (3) subject to agreement between the Exemption Holder and PWP provide electricity for sale to the PWP;
- (4) provide desalinated water to (a) the various plants of Orpic Refineries L.L.C. in Sohar i.e. Sohar Refinery (SR), Sohar Refinery Improvement Project (SRIP) and Polypropylene Plant (PP) (up to 1254 m³/hour) from the Exemption Holder's production facilities in Sohar (as detailed in **Attachment 1** of the Licence Exemption Application form) for the duration stipulated in 3.5 (a), and (b) with the prior written approval of the Authority, any other Person (up to a maximum limit and duration stipulated by the Authority from time to time);
- (5) provide electricity (up to a maximum of 52 MW) and desalinated water (up to 187.5m³/hour) to the Orpic Refineries L.L.C located In Mina Al Fahal, the location of which is detailed in drawing number ORC-3-2026-001 (overall plot plan) included as **Attachment 1 (A)** of the Licence Exemption application form;
- (6) provide electricity to PDO (up to a maximum of 35MW) from the Exemption Holder's system in Mina Al Fahal;
- (7) connect the Exemption Holder's system in Mina al Fahal to the licensed system of Muscat Electricity Distribution Company SOAC through the PDO substation (33 KV Double Circuit); and
- (8) connect the Exemption Holder's system in Sohar to SIA grid substation (Underground cables 132 KV).

The Distribution System that is the subject of this Licence Exemption Order No. (2/2008) will distribute electricity generated at the Exemption Holder's Production Facilities and electricity purchased from a Licensed Supplier.

The Transmission System that is the subject of this Licence Exemption Order No. (2/2008) comprises 132 KV GIS Substation and underground cables to connect the Exemption Holder's System in Sohar to SIA Grid Substation at voltage of 132 KV, and will transport electricity generated at the Exemption Holder's Production Facilities and electricity purchased from Majan Electricity Company SAOC (the Licensed Supplier).

Authority for Electricity Regulation, Oman

25 February 2016