

**SULTANATE OF OMAN**



هيئة تنظيم الخدمات العامة  
Authority for Public Services Regulation

Exemption Order No. (2/2008)

GRANTED TO

OQ Refineries and Petroleum Industries L.L.C.

**Commencement Date: 3 September 2023**

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## Exemption Order No. (2/2008)

The Authority for Public Services Regulation, is the Authority established pursuant to Article (19) of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector promulgated by Royal Decree (78/2004) as amended (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 Exemption Order No. (2/2008) and shall be effective from 3 September 2023.

### ARTICLE (2) Interpretation

- 2.1 In this order:  
2.2 Definitions

<b>"Affiliate"</b>	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;
<b>"Authority"</b>	means the Authority for Public Services Regulation established pursuant to Article (19) of the Sector Law;
<b>"Commencement Date"</b>	means the date on which this Exemption Order becomes effective as set out in Article 1.1;
<b>"Controls"</b>	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;

<b>"Exemption"</b>	a written authorization issued by the Authority to undertake any of the regulated activities pursuant to the provisions of the Sector Law without obtaining a Licence or exemption from one or more conditions of a Licence and <b>Exempt, Exempted</b> and <b>Exemption Holder</b> shall be construed accordingly;
<b>"Licensee"</b>	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;
<b>"Person"</b>	any natural person or public or private legal person, includes an individual, partnership, company, firm, trust, body corporate, government, government body, authority, emanation, agency, instrumentality, unincorporated body or an association;
<b>"Premises"</b>	means any plot of land, building or structure occupied or used by a Person;
<b>"Regulated Activity"</b>	means each of the activities listed in Article (3) of this Exemption Order;
<b>"Sector Law"</b>	means Royal Decree (78/2004) governing the Regulation and Privatisation of the Electricity and Related Water Sector.

### **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 Articles in this Order and or in the Sector Law where indicated.

## ARTICLE (3) Exemption

### General

3.1 **OQ Refineries and Petroleum Industries L.L.C.** 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 an Licence granted by the Authority pursuant to Article (5) of the Sector Law. Accordingly, for those periods, to that extent, for those purposes and subject to compliance with those conditions, **OQ Refineries and Petroleum Industries L.L.C.** shall not be in breach of Article (4) of the Sector Law.

### Purpose

3.2 Subject to the Conditions listed in paragraph (3.3) below **OQ Refineries and Petroleum Industries 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 as follows:

(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 or Location;

- (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.
- (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) **OQ Aromatics LLC and OQ Plastics LLC** 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, in so far applicable to it, with all regulations, conditions, instructions, directives, and all other Regulatory changes and developments that may be issued by the Authority from time to time, including in relation to applicable tariffs and charges.
  - (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 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.

### Duration

- 3.5 The Exemption conferred by paragraph (3.2) in this Article shall last for a period of 15 years (renewable) from the Commencement Date, or until revoked by the provisions of the Sector Law or Article (5) of this Exemption Order.



#### **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 used for the purposes of Self Supply.

#### **ARTICLE (5) Revocation and review**

- 5.1 The Authority may review and, if it considers appropriate and, subject to the Sector Law, revoke 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 revoke 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 Licensee, the Exemption Holder suffers termination of its connection agreement with the relevant Licensee or fails to comply with the requirements of the Grid Code and/or the Distribution Code, insofar as applicable to it.

**Mansoor bin Talib Al Hinai**

**Chairman of the Authority for Public Services Regulation**

**On behalf of the Authority for Public Services Regulation**

**6 February 2024**

## Schedule A: Technical & Other Details

### 1. Location

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

### 2. Technology & installed capacities:

#### SOHAR

Type of Generator	Tag number	Capacity (ISO) rating
Gas Turbine Generator SR1	GTG-5101A	22MW
Gas Turbine Generator SR1	GTG-5101B	22MW
Steam Turbine Generator SR1	STG-5101A	40MW
Steam Turbine Generator SR1	STG-5101B	40MW
Emergency Diesel Generator (SR1)	ME-5103	2.1 MW
Emergency Diesel Generator (SR2)	ME-7103	3 MW
Gas Turbine Generator	GTG-7101A	23.83 MW
Gas turbine Generator	GTG-7101B	23.83 MW
Steam turbine Generator	GTG-7101A	32 MW
Steam turbine Generator	GTG-7101B	32 MW
Emergency Diesel Generator (AP)	AP- EDG	5 MW
<b>Type of Desalination Unit</b>	<b>Tag number</b>	<b>Capacity</b>

Reverse Osmosis	ME-5321-V-03A/B/C	11808 m <sup>3</sup> /day
Multi-Effect Desalination (MED)	ME-7321 A/B/C	18,576 m <sup>3</sup> /day (aggregated)

### **MAF**

Type of Generator	Tag number	Capacity (ISO) rating
2 Gas Turbine Generators	GTG-2501	43.2 MW (aggregate)
Emergency Diesel Generators	GT-1/2/3/4/5	1.28 MW (aggregate)

Type of Desalination unit	Tag number	Capacity
Thermal desalination (MSF: Multiple-stage flash)	Desal 1 (A-8751)	1500 m <sup>3</sup> /day
Thermal desalination (MSF: Multiple-stage flash)	Desal 2 (A-8761)	1500 m <sup>3</sup> /day
Thermal Desalination (MED: Multiple effect distillation)	Desal-3 (A-8753)	1900 m <sup>3</sup> /day

### **3. 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 from the OQ Gas Networks SAOG. The generation of steam is mainly from heat recovery boilers in the refinery process, gas turbine exhaust, and process boilers fuelled by refinery fuel gas/natural gas.

#### 4. Purposes

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

- (1) provide electricity to OQ Refineries LLC, OQ Aromatics L.L.C and OQ Plastics L.L.C from the Exemption Holder's system in Sohar for the durations stipulated in this 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 OQ Refineries and Petroleum Industries L.L.C. in Sohar and Muscat i.e. from the Exemption Holder's production facilities in Sohar (as detailed in **Attachment Documents Related to Sohar and MAF**) of the 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 43.2 MW) and desalinated water (up to 4.900 m<sup>3</sup>/day) to the OQ Refineries. located In Mina Al Fahal, the location of which is detailed in drawing number ORC-3-2024-004 available in Documents related to MAF of the Exemption application form;
- (6) provide electricity to PDO (up to a maximum of 20MW) 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 NAMA Electricity Distribution Company SAOC 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 Exemption Order No. (1/2024) 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 Exemption Order No. (1/2024) 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 NAMA Electricity Distribution Company SAOC (the Licensed Supplier).

**Authority for Public Services Regulation**

**6 February 2024**