



هيئة تنظيم الكهرباء - عمان  
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

## 2017 Forward Work Programme

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## Foreword

The Authority for Electricity Regulation, Oman (“the Authority”) is responsible for regulating the electricity and related water sector in the Sultanate of Oman. The Authority was established pursuant to Article (19) of the law for the regulation and privatization of the electricity and related water sector (the “Sector Law”) promulgated by Royal Decree 78/2004 and amended by Royal Decree 59/2009 and Royal Decree 47/2013.

Article (34) of the Sector Law requires the Authority to publish a Forward Work Programme before the commencement of each Financial Year (1 January to 31 December) setting out the principal areas of work for the coming year.

Further information about the Authority and the structure and regulation of the electricity and water sector in Oman is available for review on the Authority’s website: [www.aer-oman.org](http://www.aer-oman.org).

## Statutory Functions and Duties

The Authority has a range of statutory functions and duties that are set out in various sections of the Sector Law. The Authority's principal duties (see Article (22) of the Sector Law) require the Authority to:

- secure the provision of electricity and water services in Oman;
- promote competition in the electricity and water sector;
- secure the safe, effective and economic operation of the electricity and water sector in the public interest;
- protect the interests of customers, in particular those with limited income, the elderly and sick; to prepare criteria relating to the welfare of customers and to act in accordance with such criteria;
- secure compliance with Government policy relating to the protection of the environment, Omanisation and Omani Content;
- ensure the financial and technical capabilities of licensees and ensure companies operating efficiently can finance their activities;
- secure the conduct of fair and transparent competitions for new capacity by the Oman Power and Water Procurement Company SAOC;
- facilitate the privatisation of the electricity and water sector;
- review on an annual basis the scope for further liberalisation of the electricity and water sector; and
- prepare and maintain a Public Register of all matters relating to licenses and exemptions.

The Authority is also subject to important governance duties including a duty not discriminate against or unduly prefer any Person; to act consistently treating like cases alike and, in particular, to ensure, so far as it is appropriate, that all Licenses and Exemptions for the same Regulated Activities are granted in substantially the same form; a duty to minimise, insofar as it is able to do so, the regulatory burden on licence holders and exemption holders; and to give written reasons for its decisions.

All of the Authority's work, including that envisaged in the 2017 Forward Work Plan, must be conducted in accordance with these statutory duties.

## Consultation

The Authority consulted on the draft 2017 Forward Work Programme and invited interested Persons to submit comments and objections. The Authority responded to all comments and objections received in response to this consultation within thirty days of receipt as described above.

## Purpose of Forward Work Programme

The Authority's Forward Work Programme serves a number of purposes:

- (i) Publication of each Forward Work Programme provides notice to Persons who may be affected by the programme thereby affording them the opportunity to comment on what is proposed;
- (ii) The Forward Work Programme is an important determinant of the Authority's costs (and licensees' fees) and as such is an important input in the development of the Authority's budget; and
- (iii) Publication of a Forward Work Programme reinforces transparency and accountability by allowing interested Persons, such as licensees and the Government, to ensure work planned for each subsequent year is consistent with Government objectives and aligned to the Authority's statutory functions and duties.

Each Forward Work Programme sets out work the Authority proposes to undertake in the coming year. During the course of a year the Authority may need to reprioritise work in response to events and changing circumstances and may therefore undertake work that was not included in a Forward Work Programme and be unable to undertake or complete items in a published programme.

## Context & Content of 2017 Forward Work Programme

The 2017 Forward Work Programme is the twelfth programme published by the Authority since its establishment.

All of the work items in the 2017 Forward Work Programme are in addition to work undertaken by the Authority in the normal course of business.

## 2017 Work Priorities

The 2017 Forward Work Programme includes a number of general policy areas of work:

### **GP1 Customer Service Compliance Audit**

The Authority intends to repeat the audits undertaken in 2016 of all supply licensees to ascertain their compliance with statutory obligations towards their customers. The repeated audits will support the Authority's assessment for price control incentives and will help to ensure that action plans are received and acted on for each company to follow up on 2016 compliance assessment in conjunction with policy development work stream.

### **GP2 Development of Supply Competition**

The Authority aims to develop an overall programme of work and timescale to advance the Competitive Market Review (CMR). The review will identify key issues to be considered as part of the CMR and the Authority intends to publish consultation papers and arrange stakeholder consultation discussions as part of the process.

### **GP3 Energy Efficiency Measures**

The Authority intends to pursue a number of energy efficiency related work streams during 2017. The establishment of an energy efficiency data framework in 2016 will enable the Authority to further specific actions

### **GP4 Renewable Energy**

The Authority will continue to promote the competitive based deployment of renewable energy in Oman, including:

- (i) Finalizing and approving the new regulatory framework for small scale grid-connected renewable facilities and monitoring the implementation.
- (ii) Supervising and supporting development of large scale renewable energy projects (Solar IPP)

### **GP5 Operational Audits**

During its various audits of Licensees the Authority identified a weakness in the form of lack of operational audits by the Licensees for their activities. The Authority intends to undertake Operational Audits of Licensees that the Authority hopes will show the companies how such audits are undertaken and will allow the Authority to monitor real progress achieved by the companies in implementing the recommendations from other Audits.

#### **GP6 Development of an Electricity Spot Market**

The Authority will continue to support work on the development and finalisation of detailed market rules that would govern the operation of the spot market, this will include review and modification of licenses.

#### **GP7 Disco and RAEC Price Control Review**

Current Disco and RAEC price controls are due to expire on 31 December 2017. New price controls are therefore required to be set for 1 January 2018.

#### **GP8 Cyber Security Regulations**

During 2016 the Authority worked closely with Licensees on the implementation plans of the Cyber Security requirements. The Authority intends to review the technical control and audit the progress achieved by Licensees during 2017.

#### **GP9 Oman Electrical Standards and Electrical Regulations**

The Authority aims to continue to review the OES and work to update and issue revised and new OES throughout 2017.



**Authority for Electricity Regulation, Oman**

## Glossary of Terms

<b><i>Licence</i></b>	An authorization granted by the Authority to undertake one or more of the Regulated Activities stipulated in Article (3) of the Sector Law
<b><i>OES</i></b>	Oman Electrical Standards
<b><i>Discos</i></b>	The Distribution & Supply Licensees; Muscat Electricity Distribution Company SAOC, Majan Electricity Company SAOC, Mazoon Electricity Company SAOC and Dhofar Power Company SAOC
<b><i>PAEW</i></b>	The Public Authority for Electricity and Water established by Royal Decree 92/2007
<b><i>Price control</i></b>	A mechanism for determining the maximum allowed revenue a licensee can recover in each year from users of its services, as stipulated in a schedule charge restriction condition of a Licence
<b><i>RAEC</i></b>	The Rural Areas Electricity Company SAOC
<b><i>Regulated Activities</i></b>	The activities stipulated in Article (3) of the Sector Law
<b><i>Sector Law</i></b>	The law for the regulation and privatization of the electricity and related water sector promulgated by Royal Decree 78/2004 and amended by Royal Decree 59/2009 and Royal Decree 47/2013
<b><i>Cyber Security</i></b>	The tools, policies, security concepts, security safeguards, guidelines, risk management approaches, actions, training, best practices, assurance and technologies used to protect and safeguard SCADA and DCS systems from threats to the availability and integrity of those systems, and the confidentiality of data held by those systems and/or exchanged with other systems.
<b><i>The Authority</i></b>	The Authority for Electricity Regulation, Oman, being the authority established pursuant to Article (19) of the Sector Law