



**هيئة تنظيم الكهرباء - عمان**  
**AUTHORITY FOR ELECTRICITY REGULATION, OMAN**

**2018 Forward Work Programme**  
**Consultation Draft**

*28 November 2017*

## Table of Contents

Foreword.....	3
Statutory Functions and Duties .....	4
Consultation .....	4
Purpose of Forward Work Programme .....	5
Context & Content of 2018 Forward Work Programme.....	5
2018 Work Priorities .....	6
Other areas of work planned for 2018 .....	7
Glossary of Terms .....	9

## 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. This document presents the Authority’s draft 2018 Forward Work Programme and invites interested Persons to submit comments or objections on the proposed programme to the following address by 27 December 2017:

***Manager of the Office of the Executive Director & Administration***

*Authority for Electricity Regulation, Oman*

*PO Box 954, Postal Code 133*

*Muscat*

*Tel: 24609700*

*Fax: 24609701*

*e-mail: [enquiries@aer-oman.org](mailto:enquiries@aer-oman.org)*

All responses to the consultation will be acknowledged within thirty days of receipt as required and brought to the attention of Members who will consider the responses in the context of their plans for the Authority and any new initiatives they may wish to implement in 2018.

The final published 2018 Forward Work Programme will be presented to the Government in accordance with the requirements of Article (36) of the Sector Law.

Further information about the Authority and the structure and regulation of the electricity and related 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 related water services in Oman;
- promote competition in the electricity and related water sector;
- secure the safe, effective and economic operation of the electricity and related 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 related water sector;
- review on an annual basis the scope for further liberalisation of the electricity and related 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 2018 Forward Work Plan, must be conducted in accordance with these statutory duties.

## Consultation

The Authority wishes to consult on the draft 2018 Forward Work Programme and invites interested Persons to submit comments and objections by 27 December 2017. The Authority intends to acknowledge 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 2018 Forward Work Programme**

The 2018 Forward Work Programme is the thirteenth programme published by the Authority since its establishment.

All of the work items in the 2018 Forward Work Programme are in addition to work undertaken by the Authority in the normal course of business.

## **2018 Work Priorities**

The 2018 Forward Work Programme includes a number of 'high priority' areas of work:

### **GP1 Electric Vehicles**

The Authority intends to carry out a review of international best practice in relation to the regulatory framework to support the introduction of Electric Vehicles (EV) in the Sultanate of Oman. The review will look into potential capital costs from development of public EV recharge stations, network and connection issues, safety issues, metering costs and the required licence and Code modifications required in relation to Distribution Network Operator responsibilities.

### **GP2 Development of competitive market**

The Authority will work on developing an overall programme of work and timescale to progress the competitive market review (CMR) in 2018. The Authority commenced preparatory work on the development of competition amongst Licensed Suppliers in 2017 and intends to implement the recommendations in 2018. This will include engagement with key-stakeholders which will enable the Authority to develop a timescale from the introduction of competition in the supply business.

### **GP3 Deployment of residential PV initiative (Sahim)**

The Authority launched the Sahim initiative in 2017 to facilitate the deployment of residential PV systems. In 2018, the Authority intends to build on the work undertaken in 2017 with the objective of launching a tender for an initial tranche of PV installations in residential premises. This will entail ensuring that issues such as regulatory arrangements, contractual frameworks, customer propositions, output monitoring methodology and other related issues are addressed prior to the launch of the first tranche.

### **GP4 Establishment of an ESCos Market**

The Authority undertook a number of government building audits in 2017. In 2018, the Authority intends to build on the work undertaken in 2017 with the objective of establishing local Energy Services Companies to support the government's energy efficiency objectives. This includes assessing best sectors in the country to target and ensure reasonable demand, and raise the capabilities of local SMEs to undertake the work of ESCos.

### **GP5 Waste to Energy Initiative**

The Authority, in coordination with the Oman Power and Water Procurement Company and the Oman Environmental Services Holding Company (Beah), intends to commence preparatory work to assess the possibility of procuring waste to energy projects. We intend to build on the considerable work undertaken by Beah with regards to waste to energy and establish the framework, including the project definition and competition process, to facilitate the implementation of such projects in the future.

### **Other areas of work planned for 2018**

In addition to the 'high priority' areas of work outlined above, the Authority expects to progress other areas of work during 2018, including:

#### **GP6 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 2018.

#### **GP7 Protection: Appropriate Person Criteria follow-up**

During 2017 the Authority conducted audit of protection capability for the companies. The audit identified two companies that have not achieved Appropriate Person Criteria. The Authority intends to monitor progress of the two companies, and once adequate progress has been to re audit their protection capability.

#### **GP8 Health and Safety Audits of OETC, PWP and DPC**

To complete the Health and Safety audit cycle, the Authority plan to perform health and safety audits of OETC, PWP and DPC in 2018. For PWP, the Authority is keen to examine in some detail how effectively the contractual arrangements facilitate adequate control of health and safety.

#### **GP9 OETC and PWP Price Control Review**

Current OETC and PWP price controls are due to expire on 31 December 2018. New price controls are therefore required to be set for 1 January 2019.

As part of the OETC price control review the Authority intends to assess options for evolving OETC's charging basis, taking into account a number of developments including: (i) the recent implementation of Cost-Reflective Tariffs; (ii) potential developments to the grid, interconnecting the MIS, Duqum, Dhofar and PDO Systems; and (iii) the introduction of an electricity spot market.

#### **GP10 Assessment of Cost Reflective Tariffs**

Following the completion of a full year from the implementation of Cost-Reflective Tariffs, the study will assess how different categories of consumers (Industrial, Government and Commercial) have responded to the new tariffs. We will also explore possible refinements to the CRT.

### **GP11 Cyber Security Standard**

The Authority intends to audit the licensees' implementation and compliance to the SCADA and DCS cyber security standard that was issued by the Authority in 2015. The audit would review aspects related to governance of the SCADA and DCS environment including management systems and implementation of technical controls. The audit would also review the existing standard and its validity to any new cyber security attacks to the energy industry.



**Authority for Electricity Regulation, Oman**

**November 2017**



## 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