

SULTANATE OF OMAN



هيئة تنظيم الخدمات العامة
Authority for Public Services Regulation

SUPPLY LICENCE

GRANTED TO:

NAMA ELECTRICITY SUPPLY COMPANY S.A.O.C

Effective: 1 June 2023



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PART I THE LICENCE

1. Grant of the Licence

The Authority for Public Services Regulation, Oman (hereinafter referred to as "the Authority"), in exercise of the powers conferred by Articles (2) and (25/3) of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (hereinafter referred to as the "Sector Law") promulgated by Royal Decree 78/2004 as amended, hereby grants a **Supply licence to Nama Electricity Supply Company SAOC** (hereinafter referred to as the "Licensee") a licence (hereinafter referred to as the "Licence") to undertake the activities referred to at paragraph 4 below (hereinafter referred to as the "Licensed Activities").

2. Conditions of Licence

This Licence is granted on the conditions set out in Parts II and III (hereinafter referred to as the "Conditions"), for the period referred to in paragraph 3 below and for the purposes of enabling the Licensee to undertake the Licensed Activities.

This Licence is subject to:

- (a) modification in accordance with Article (109) of the Sector Law and in accordance with its terms; and
- (b) revocation in accordance with Condition 26.

3. Licence Term

This Licence shall come into force on **1st of June 2023** and, unless terminated in accordance with the provisions of Condition 26, shall continue in full force and effect until determined by not less than **10 years'** notice in writing given by the Authority to the Licensee, such notice not to be served earlier than the **25th** anniversary of **1st of June 2023**.

4. Licensed Activities

This Licence authorises the Licensee to undertake the following Regulated Activities:

- (a) to Supply electricity to Premises;
 - (b) to carry out any other functions assigned to it by the Sector Law,
- in each case, within the Authorised Area.

5. Governing language

The governing language of this Licence shall be the English language.

6. Definitions

The following words and expressions, when used in this Licence, shall have the following meanings:

"Affiliate"	in relation to the Licensee, means any Person which Controls (directly or indirectly) the Licensee and any other Person Controlled (directly or indirectly) by such first mentioned Person, including where the Licensee is a Company, the ultimate holding Company of the Licensee and any holding Company of the Licensee and any subsidiary of such holding Company;
"Agency Contract"	means a contract between a Licensed Supplier and an Autogenerator, entered into in accordance with Article (91)(d) of the Sector Law and Condition 31 of this Licence for the purchase by the PWP of Output;
"Authorised Area"	means the geographical area determined in this Licence within which the Licensee is authorised to undertake the Licensed Activities pursuant to the Sector Law;
"Autogenerator"	means a Person who generates electricity primarily for the purposes of Self-Supply;
"Bulk Supply Agreement"	means an agreement for (1) the Bulk Supply of electricity made between the PWP and a Licensed Supplier; or (2) the Bulk Supply of Desalinated water made between the PWP and a Water Department;
"Bulk Supply Tariff"	means the consideration charged by the Oman Power and Water Procurement Company for the Bulk Supply of electricity, or the tariffs charged by each of the Rural Areas Electricity Company and the Oman Power and Water Procurement Company for the Bulk Supply of Desalinated water, which shall be calculated in respect of each calendar year on the basis prescribed by the Authority and be provided for in the Licence granted to any of such companies;
"Company"	has the meaning given to it in the Commercial Companies Law, No.18/2019, as amended and "Companies" shall be construed accordingly;
"Competent Authority"	any unit of the State Administrative Apparatus, and what is considered as such, and the

	branches and divisions related thereto, which have been assigned with any jurisdiction pursuant to this License;
"Condition"	has the meaning given to it in paragraph 2 of Part I;
"Connected"	means, in relation to any Premises or System, that there is a physical connection between those Premises or that System and a Transmission System or a Distribution System other than a Distribution System or a Transmission System owned or operated by the Rural Areas Electricity Company SAOC and "Connect" and "Connection" shall be construed accordingly;
"Connection Agreement"	means an agreement between any Person and a Licensed Transmission System Operator and/or a Licensed Distribution System Operator for the Connection of that Person's System or Premises;
"Customer"	means a Person who is Supplied with electricity at Premises for consumption at those Premises;
"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): <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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;

"Desalination"

means the production of demineralised and / or potable water by desalination and "**Desalinate**" "**Desalinated**" shall be construed accordingly;

"Dispatch"

means the general process by which instructions are determined and the issuing of those instructions to (1) Licensed Generators and/or Licensed Generators/Desalinators as to the operation or cessation of operation of their Production Facilities and (2) other Persons whose facilities are Connected;

"Distribution"

means, in relation to electricity, the transport of electricity by means of a Distribution System and "**Distribute**" shall be construed accordingly;

"Distribution Code"

means the code which each Licensed Distribution System Operator shall be required to prepare and maintain pursuant to the terms of its Distribution Licence, which code shall be subject to the approval of the Authority, shall prescribe standard technical rules to be



observed for the Connection to, use and operation of that Licensed Distribution System Operator's System, and rules for the maintenance and development of the that System;

"Distribution Code Review Panel" means a panel to be established in accordance with the Distribution Code, which panel shall (1) include representatives of Licence Holders and other Persons who are a party to the Distribution Code and (2) have the functions assigned to it in the Distribution Code, including those referred to in Condition 4;

"Distribution Licence" means a Licence to Distribute electricity;

"Distribution System" means electrical lines and apparatus of less than 132kV used for the transport of electricity to Premises and that are not part of a Transmission System;

"Economic Purchase" means the purchase on the best economic terms reasonably obtainable, having regard to quality, quantity, the nature of the things to be purchased, the available manner of delivery and the future security, reliability and diversity of supply of the things to be purchased;

"Electricity Holding Company SAOC" means the Company of that name as referred to in Article (63) of the Sector Law;

"Electric Line" means any line, whether underground or over ground, which is used to transport or Distribute electricity for any purpose and includes, unless the context otherwise requires:

- (a) Any support for any such line, including any structure, pole, pylon or other thing in, on, by or from which any such line is supported, carried or suspended;
- (b) Any apparatus connected to any such line for the purpose of carrying or Distributing electricity;
- (c) Any wire, cable, tube, pipe or other similar thing (including its casing, insulator or coating) which surrounds or supports any such line, or is surrounded or supported by, carried or suspended, in association with, any such line;



"Electric Plant"	means any installations, equipment or appliances used for the Generation, Transmission, Dispatch, Distribution or Supply of electricity, or for purposes connected with the above, other than a meter used for identifying the quantity of electricity Supplied to Premises, or any electrical appliance under the control of a Customer;
"Exemption"	means an exemption granted pursuant to Article (5) of 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;
"Exported"	means, in relation to electricity, electricity which is Generated in the Sultanate of Oman and which is transported from the Sultanate of Oman pursuant to a contract or other arrangement and "Export" and "Exporting" shall be construed accordingly;
"Generation"	means the production of electricity by any means and "Generate" and "Generated" shall be construed accordingly;
"Generation and Desalination Licence"	means an authorization to undertake the activity of electricity Generation combined or co-located with the Desalination of water at the same location;
"Generation Licence"	means a Licence to Generate electricity and to operate Production Facilities;
"Government"	means the Government of the Sultanate of Oman;
"Grid Code"	means the code which each Licensed Transmission System Operator shall be required to prepare and maintain pursuant to the terms of its Transmission Licence, which code shall be subject to the approval of the Authority, shall prescribe standard technical rules to be adhered to for the Connection to, use and operation of its Transmission System and for Dispatch, and rules for the maintenance and development of that Transmission System and certain

	associated matters in relation to the Total System;
"Interconnected"	means, in relation to the Total System, directly Connected via an International Interconnection or indirectly Connected via an International Interconnection to the Connected electrical systems in one or more other countries and "Interconnection" shall be construed accordingly;
"Interconnector"	means facilities which Connect two Systems;
"Licence"	means a written authorisation to undertake a Regulated Activity issued by the Authority pursuant to the Sector Law and shall, unless the context otherwise requires, include this Licence;
"Licence Holder" or "Licensee"	means any Person who is the holder of a Licence and shall, where the context permits, include the Licensee;
"Licensed Distribution System Operator"	means the Licensee and each other Person who is the holder of a Distribution Licence;
"Licensed Generator"	means a Person who is the holder of a Generation Licence;
"Licensed Generator/Desalinator"	means a Person who is the holder of a Generation and Desalination Licence;
"Licensed Transmission System Operator"	means a Person who is the holder of a Transmission Licence;
"Licensee"	has the meaning given in paragraph 1 of Part I;
"Metering and Data Exchange Code"	means the code of that name, forming part of a Grid Code, as the same may be revised from time to time with the approval of the Authority;
"Modification"	includes addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
"Oman Electrical Standards"	means the standards issued by the Ministry of Housing and Urban Planning and the standards approved, reviewed and modified from time to time by electricity regulations made in accordance with Article (38) and Article (39) of



	the Sector Law, in relation to the safety of equipment and electrical Systems and procedures associated with the operation of electrical Systems;
"Omani Content"	means Omani products, suppliers and contractors;
"Omanisation"	means the Government's policy for the employment and training of Omani nationals;
"Output"	means electricity Generated and/or water Desalinated by a Production Facility;
"Permitted Tariff"	means a tariff charged for a Supply of electricity or for Connection to a Distribution System or a Transmission System, which tariff shall be established in accordance with regulations promulgated under Article (9) of the Sector Law;
"Person"	means any natural person or public or private legal person or corporations or societies or organisations;
"PWP"	means the Oman Power and Water Procurement Company SAOC referred to in Article (66) of the Sector Law, having the functions assigned to it under the Sector Law;
"Premises"	means any land, building or structure occupied or used by a Person;
"Production Facility"	installations used for the Generation of electricity or the Generation of electricity combined with the Desalination of water or the Generation of electricity co-located with the Desalination of water in the same site or the Desalination of water from a Desalination Facility of a Special Nature, including all associated Electric and water lines connected to such installations;
"Regulatory Accounting Guidelines"	means guidelines issued by the Authority from time to time in connection with the preparation of regulatory accounts;
"Regulated Activity"	means each of the activities listed in Article (3) of the Sector Law;



"Related Water"	means Desalinated water in the Sultanate of Oman which is combined or co-located with the electricity sector and which is regulated by the Sector Law;
"Rural Areas Electricity Company SAOC"	means the Rural Areas Electricity Company SAOC referred to in Article (66) of the Sector Law;
"Sector Law"	has the meaning given to it in paragraph 1 of Part I;
"Self-Supply"	means, in relation to electricity, the Supply by a Person to themselves, their employees or their business, of electricity otherwise than via a Transmission System or a Distribution System of a Licence Holder;
"Separate Business"	means Supply Business and any other separate business of the Licensee identified as such from time to time by notice of the Authority;
"Supply"	means the supply of electricity to any Premises;
"Supply Business"	means the licensed business of the Licensee as supplier of electricity to any Premises;
"System"	means a Distribution System or a Transmission System, as the context requires;
"Total System"	means the entire interconnected electricity Systems in the Sultanate of Oman of Licence Holders including all Production Facilities and all Distribution Systems and Transmission Systems, as the same may be developed or modified from time to time and includes any such System which interconnects with any System which is outside the Sultanate of Oman;
"Transmission"	means the transport of electricity by means of a Transmission System;
"Transmission Licence"	means a Licence to Transmit electricity;



"Transmission System"

means lines and electrical installations, with voltage equal to or greater than 132kV used for transporting electricity from a Production Facility to sub-stations, or from Production Facilities to other Production Facilities, or from sub-stations to other sub-stations, or to or from any Interconnector, Premises, or Distribution System and any Electric Plant used for the purposes of Dispatch;

"Water Department"

means any major division or sub-division responsible for Related Water at the Operating Companies as stated in Royal Decree 131/2020

"Wholly-owned by the Government"

means in relation to any company, that all of the issued shares in that company are owned by the Ministry of Finance or the Electricity Holding Company SAOC or by other nominees of the Government or by any entity Wholly-owned by the Government.

7. Interpretation and construction

For the purpose of this Licence:

- (a) where any obligation of the Licensee is required to be performed within a specified time limit that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit;
- (b) in construing a Condition, the heading or title of any Condition or paragraph shall be disregarded;
- (c) any reference to a numbered Condition is a reference to the Condition bearing that number or prefix in this Licence and any reference to a paragraph is to the paragraph bearing that number or prefix in the Condition in which the reference occurs; and
- (d) terms used in this Licence shall, unless the context otherwise admits, have the same meaning as ascribed to them in the Sector Law.
- (f) All the existing codes which issued under a previous licence shall be effective and binding on the licensee until the new substituting codes which should be issued under this licence.

PART II GENERAL CONDITIONS

Condition 1: General

1. The Conditions set out in Part II of this Licence shall apply to the Supply Business of the Licensee.

Condition 2: Prohibited activities and cross-ownership

1. The Licensee shall not, and shall procure that any Affiliate of the Licensee shall not, on its own account (or that of the Licensee or of any Affiliate of the Licensee, as the case may be):
 - (a) engage in the Distribution of electricity;
 - (b) engage in the Generation of electricity;
 - (c) engage in the Desalination of Water;
 - (d) save as provided in the Sector Law and spot market rules, purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties from any Person other than the PWP pursuant to the terms of a Bulk Supply Agreement, and the applicable Bulk Supply Tariff;
 - (e) purchase or otherwise acquire Desalinated water from Licensed Generators/Desalinators for the purpose of sale or other disposition to third parties;
 - (f) engage in the Transmission or Dispatch of electricity; and
 - (g) without the consent in writing of the Authority, hold any economic interest, whether direct or indirect, in any other Person who undertakes a Regulated Activity,

in each case, in the Sultanate of Oman and, unless the Authority gives its prior consent thereto, in any other country which has a System which is Interconnected with the Total System, provided that, neither the Government nor any entity which is Wholly-owned by the Government shall be treated as an Affiliate of the Licensee for the purposes of this Condition 2.

2. The Licensee shall not, without the prior written consent of the Authority, carry on any activities other than the Licensed Activities or those other activities necessarily ancillary thereto.
3. The Licensee shall, in carrying out the Licensed Activities, comply at all times with the Sector Law.

Condition 3: Compliance with the Grid Code

1. The Licensee, insofar as applicable or relevant, shall become and remain a party to and shall comply with the provisions of the Grid Code.
2. The Authority may [following consultation with any relevant Licensed Transmission System Operator and such other Licence Holders and other third parties (including Exemption Holders) as the Authority shall consider appropriate] issue directions relieving the Licensee of its obligation under paragraph 1 in respect of such parts of the Grid Code and to such extent as may be specified in those directions.

Condition 4: Implementation of and Compliance with the Distribution Code

1. The Licensee, insofar as applicable or relevant ,shall:
 - (a) become and remain a party to the Distribution Code; and
 - (b) comply with the provisions of the Distribution Code.

Condition 5: Language of Codes

Whenever a Condition of this Licence requires the production or publication of any code, including a code of practice or other document, then, save to the extent that the Authority agrees otherwise, each such code or document shall be so produced or published in both the Arabic and the English languages.

Condition 6: Health and safety

1. The Licensee shall be under a duty, in carrying out the Licensed Activities, to give due consideration to the health and safety of the general public and to Persons employed by the Licensee, in all circumstances in accordance with applicable law and any regulations from Competent Authorities.
2. The Licensee shall, taking due account of any guidance issued to it by the Authority and all applicable laws and regulations, within 3 months of the grant of this Licence, establish a written health and safety policy, together with details of the management arrangements which the Licensee will put in place to give effect to such policy.
3. The Licensee shall review the policy and the management arrangements periodically and otherwise as appropriate.
4. The Licensee shall, upon the establishment of and following the making of any material change to the policy, promptly send to the Authority a copy of the policy and management arrangements which it proposes to put in place to give effect to that policy.
5. The Licensee shall at all times act with regard to the policy and use reasonable endeavours to operate the management arrangements effectively.



Condition 7: Disposal of assets

1. The Licensee shall not:
 - (a) transfer its interests in this Licence, under this Licence or to this Licence (nor any part thereof) without the prior written consent of the Authority;
 - (b) otherwise than in accordance with this Condition, dispose of or relinquish operational control over any Relevant Asset; or
 - (c) create or agree to create any security or effect a Disposal of or relinquish control over any Relevant Asset or liabilities or create or agree to create or extinguish or agree to extinguish any interest it uses in connection with the Licensed Activities other than with the prior written consent of the Authority.
2. Save as provided in paragraph 3, the Licensee shall give to the Authority not less than two months' prior notice of its intention to dispose of or relinquish operational control over any Relevant Asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto to the Persons proposing to acquire such asset or operational control over such asset.
3. Notwithstanding the provisions of paragraphs 1 and 2, the Licensee may dispose of or relinquish operational control over any relevant asset:
 - (a) where:
 - (i) the Authority has issued directions for the purposes of this Condition containing a general consent (whether or not subject to conditions) to:
 - (A) transactions of a specified description; and/or
 - (B) the Disposal of or relinquishment of operational control over relevant assets of a specified description for a specified period; and
 - (ii) the transaction or the Relevant Assets are of a description to which such directions apply and the Disposal or relinquishment is in accordance with any conditions to which the consent is subject;
 - (b) where the Disposal or relinquishment of operational control in question is made under such contracts or agreements, or such categories of contracts or agreements, as may have been designated by the Authority for the purpose of this Condition; or
 - (c) where the Disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation or by or under the Transfer Scheme.



4. Notwithstanding paragraph 1, the Licensee may dispose of or relinquish operational control over any Relevant Asset as is specified in any notice given under paragraph 2 in circumstances where:
 - (a) the Authority confirms in writing that it consents to such Disposal or relinquishment (which consent may be made subject to the acceptance by the Licensee or any third party in favour of whom the Relevant Asset is proposed to be disposed or operational control is proposed to be relinquished of such conditions as to the Authority may specify); or
 - (b) the Authority does not inform the Licensee in writing of any objection to such Disposal or relinquishment of control within the notice period referred to in paragraph 2.

5. In this Condition:

"Disposal" includes any sale, gift, lease, licence, mortgage, charge or the grant of any encumbrance or any other disposition to a third party and "dispose" shall be construed accordingly; and

"Relevant Asset" means any asset which is necessary to enable the Licensee to undertake the Licensed Activities in accordance with the provisions of the Sector Law and this Licence, including any interest in land upon which any such asset is situated.

Condition 8: Provision of information to the Authority

1. The Licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish to it such reports as the Authority may consider necessary in the light of the Conditions or as it may require for the purpose of performing the functions assigned to it by or under the Sector Law.
2. Without prejudice to the generality of paragraph 1, the Authority may call for the furnishing of accounting information which is more extensive than, or differs from, that required to be prepared and submitted to the Authority under Condition 13.
3. In this Condition, "information" shall include any documents, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Authority) of any description and in any format specified by the Authority.

Condition 9: Co-operation with and provision of information to Licensed Transmission System Operators and/ or Licensed Distribution System Operators

1. The Licensee shall furnish to any Licensed Transmission System Operator and/or Licensed Distribution System Operator as the Authority may direct, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable such Licensed Transmission System Operator or Licensed Distribution System Operator, as appropriate, to perform the functions assigned to it under the Sector Law or its Licence.
2. The Licensee shall co-operate, to such extent as the Authority may direct, with any relevant Licensed Transmission System Operator and/or any other Licensed

Distribution System Operator in performing its functions under the Sector Law and this Licence so as to enable any such Licensed Transmission System Operator and/or Licensed Distribution System Operator to perform its functions under the Sector Law and its Licence.

Condition 10: Co-operation with and provision of information to PWP

The Licensee shall furnish to the PWP, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable the PWP to perform the functions assigned to it under the Sector Law or its Licence.

Condition 11: Co-operation with and provision of information to Rural Areas Electricity Company SAOC

1. The Licensee shall furnish to the Rural Areas Electricity Company SAOC, in such manner and at such times as the Authority may direct, such information as the Authority may consider necessary to enable the Rural Areas Electricity Company SAOC to perform the functions assigned to it under the Sector Law or its Licence.
2. The Licensee shall co-operate, to such extent as the Authority may direct, with the Rural Areas Electricity Company SAOC in performing its functions under the Sector Law and this Licence so as to enable the Rural Areas Electricity Company SAOC to perform its functions under the Sector Law and its Licence.

Condition 12: Licence fees

1. The Licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in, or determined under, the following paragraphs of this Condition.
2. In respect of the year beginning on 1 June 2023 and in each subsequent year, the Licensee shall pay the aggregate of the following amounts:
 - (a) an amount which is a proportion as determined by the Authority of the amount estimated by the Authority, according to a method which has previously been disclosed in writing to the Licensee, as likely to be its costs during the coming year in the exercise of its general functions under the Sector Law; and
 - (b) the difference (being a positive or a negative amount), if any, between:
 - (i) the amount of the fee paid by the Licensee in respect of the year immediately preceding the year in question; and
 - (ii) the amount which that fee would have been in respect of that year had the amount comprised therein under paragraph (a) been calculated by reference to the total costs of the Authority and the proportion thereof actually attributable to the Licensee (such total costs being apportioned as determined by the Authority according to a method previously disclosed in writing to the Licensee),

and the fee shall in each Relevant Year be paid by the Licensee to the Authority during the year to which it relates in four equal quarterly instalments, the first such

instalment being payable within 30 days of the date upon which the Authority gives notice to the Licensee of its amount. In the First Relevant Year (1 June 2023 to 31 December 2023) the fee shall be paid in the number of instalments determined by the Authority.

Condition 13: Accounts for Separate Businesses and regulatory accounts

1. This Condition shall apply to each Separate Business for the purposes of ensuring that the Licensee (and any Affiliate) maintains accounting and reporting arrangements which are prepared with such Regulatory Accounting Guidelines as may be in force from time to time and such other accounting standards as may be approved from time to time by the Authority which enables:
 - (a) separate accounts to be prepared for each Separate Business showing the financial affairs of each such Separate Business; and
 - (b) those accounts to be prepared in accordance with accounting standards approved from time to time by the Authority.
2. The Licensee shall in respect of each Separate Business:
 - (a) keep or cause to be kept for each of its financial years and in the manner referred to in this Condition:
 - (i) such accounting records in respect of each Separate Business as would be required to be kept in respect of each such business if it were carried on by a separate Company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee (and any Affiliate) from those of any other business; and
 - (ii) such other accounting records in respect of Supply Business as may be required by the Authority;
 - (b) prepare on a consistent basis from such accounting records in respect of:
 - (i) each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of cash flow, together with notes thereto, and showing separately in respect of each Separate Business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
 - (A) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - (B) determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and
 - (ii) such other financial statements as may be required by the Authority;

- (c) procure, in respect of the accounting statements prepared in accordance with this Condition in respect of a financial year, a report by auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Separate Business to which the statements relate; and
 - (d) deliver to the Authority:
 - (i) the auditors' report referred to in paragraph (c); and
 - (ii) the accounting statements referred to in paragraph 2 (b)(i),as soon as reasonably practicable, and in any event not later than six months after the end of the financial year to which they relate in the case of the accounting statements referred to in paragraph (b)(i) and the auditor's report referred to in paragraph (c).
- 3.
 - (a) Unless the Authority so specifies in directions issued for the purposes of this Condition or with its prior written approval, the Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge or apportionment or allocation referred to in paragraph 2(b)(i) from those applied in respect of the previous financial year.
 - (b) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such bases of charge or appointment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on the bases which it has adopted in respect of that financial year, prepare accounting statements on the bases applied in respect of the immediately preceding financial year.
- 4. Accounting statements in respect of a financial year prepared under paragraph 2(b)(i) shall, unless otherwise approved by the Authority having regard to the purposes of this Condition:
 - (a) have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee prepared under relevant law;
 - (b) conform to the best commercial accounting practices and accounting standards or such other standards as may be notified to the Licensee by the Authority from time to time;
 - (c) state the accounting policies adopted; and
 - (d) (with the exception of the part of such statement which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively), be prepared and provided with the annual accounts of the Licensee.
- 5. References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which

do not relate principally to a particular Separate Business, and interest thereon and references to any profit and loss account shall be construed accordingly.

Condition 14: Prohibition of cross-subsidies

The Licensee shall not give any direct or indirect cross-subsidy to, nor receive any direct or indirect cross-subsidy from, any other business of the Licensee or the business of any Affiliate.

Condition 15: Insurance against third party liability

1. The Licensee shall, in respect of its Licensed Activities, maintain insurance (including Self-Insurance) against third party liabilities on terms approved by the Authority (including, but without limitation, with respect to type, cover, level and identity of insurer) with any modification as may be required pursuant to paragraph 3.
2. The Licensee shall, except as the Authority may otherwise consent, procure that every insurance policy maintained pursuant to paragraph 1 above shall bear an endorsement to the effect that 30 days' prior notice shall be given to the Authority by the Licensee of any lapse or cancellation of, or material change to, the policy.
3. Where the Authority notifies the Licensee that the Authority requires any modification of the insurance approved by the Authority pursuant to paragraph 1 above, the Licensee shall, no later than 60 days (or such longer period as the Authority may approve) from the date of the notice, procure that such modification is made.
4. In this Condition:

"Self-Insurance" means the Licensee's financial capacity to meet any liability to a third party in respect of which the Licensee does not otherwise have insurance.

Condition 16: Environmental matters

1. The Licensee shall, taking due account of the guidance issued to it by the Authority and applicable environmental standards prevailing in the Sultanate of Oman, within six (6) months of the grant of this Licence, establish a written policy designed to protect the environment from the effect of the Licensed Activities, together with operational objectives and management arrangements to give effect to such policy. The Licensee shall review the policy, the operational objectives and management arrangements periodically and otherwise as appropriate.
2. The Licensee shall, upon the establishment and any material change of them, promptly send to the Authority a copy of the policy, together with a general description of the operational objectives and management arrangements.
3. The Licensee shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.
4. The Licensee shall, on an annual basis (or at such other intervals as the Authority may direct from time to time) prepare and submit to the Authority a statement setting out how the Licensee is complying and proposes to continue to comply with the

guidance issued by the Authority and applicable environmental standards prevailing in the Sultanate of Oman.

Condition 17: Regulatory Compliance

The Licensee shall, insofar as they are applicable to it, comply 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.

Condition 18: Protection of Customers' Data

1. The Licensee shall, in carrying out the Licensed Activities, comply with the national cyber security requirements issued by the competent authority.
2. The Licensee shall ensure privacy of Customers' personal data in accordance with the applicable Laws and Regulations.

Condition 19: Non-discrimination

In carrying out the Licensed Activities, the Licensee shall not create any undue preference in favour of nor unduly discriminate against any Person or class of Persons.

Condition 20: Guaranteed and overall standards of performance

1. The Licensee shall conduct the Supply Business in the manner that it reasonably considers appropriate to achieve the guaranteed and overall standards of performance proposed by the Licensee and approved by the Authority from time to time.
2. Within 3 months of the grant of this Licence, the Licensee shall prepare and submit to the Authority for its approval, and thereafter adhere to the approved performance scheme which shall:
 - (a) identify the standards of overall performance to which it shall be obliged to adhere from time to time;
 - (b) state the guaranteed standards of performance in relation to specific matters to which it shall be required to adhere from time to time; and
 - (c) specify the financial compensation which it shall make to Customers in the event that the guaranteed standards of performance referred to in subparagraph 2(b) are not complied with.
3. The Licensee shall implement the approved standards and quality of service and shall propose to the Authority, for its approval, procedures for monitoring compliance with the same. The Licensee shall comply with the approved procedures.
4. The Licensee shall review and, if appropriate, propose amendments to the standards, quality of service and/or procedures developed in accordance with this Condition as directed by the Authority.

5. The Licensee shall provide to the Authority such information and analysis as the Authority may require it to provide from time to time for the purpose of establishing whether or not the Licensee's overall performance meets the performance standards established pursuant to this Condition.
6. The Licensee shall from time to time publish in such manner as the Authority may direct statistics identifying the extent to which its performance meets, or fails to meet, the performance standards established pursuant to this Condition.

Condition 21: Economic Purchase

1. The Licensee shall do such things as are necessary to ensure that all goods, assets and services which are purchased by it or are otherwise acquired by it are purchased or otherwise acquired and managed on an Economic Purchase basis.
2. Any contracts or arrangements for the purchase of goods, assets and services from an Affiliate shall be on an arm's length basis.
3. For the purposes of this Condition 21, "an arm's length basis" means a basis on which a Person would, in the normal course of business, do business with an entity which is not an Affiliate of that Person.

Condition 22: Omani Content and Omanisation

1. The Licensee shall use all reasonable efforts, in conducting the Licensed Activities, to promote and encourage the employment and training of Omani nationals and otherwise comply with and procure compliance with the Government's policy from time to time in respect of Omanisation and Omani Content.
2. The Licensee shall, on an annual basis (or at such other intervals as the Authority may direct from time to time) prepare and submit to the Authority a statement setting out how the Licensee is complying and proposes to continue to comply with the Government's policy for the time being in respect of Omanisation and Omani Content.

Condition 23: Settlement

The Licensee shall, for each agreement entered into by it pursuant to the Licensed Activities, prepare, process, issue and settle invoices, as required, in accordance with the terms and timescales stipulated in such agreements.

Condition 24: Customer complaint handling procedures

1. The Licensee shall, within 3 months of the grant of this Licence, establish and thereafter adhere to procedures for handling complaints from Customers about the manner in which the Licensee conducts the Supply Business.
2. The Licensee shall, whenever requested to do so by the Authority, review the procedures established in accordance with paragraph 1, and the manner in which the procedures have been operated, with a view to determining whether any Modification should be made to the procedures or to the manner of their operation.
3. In establishing procedures in accordance with paragraph 1, and in carrying out any review (including in accordance with paragraph 2), the Licensee shall consult with all,

or a representative sample (approved by the Authority) of, Persons likely to be affected thereby, including Customers Supplied with electricity by the Licensee. The Licensee shall have regard to any representations made about the procedures or the manner in which they are likely to be or have been operated.

4. Any procedure established in accordance with this Condition shall specify the periods within which it is intended that different descriptions of complaints should be processed and resolved.
5. The Licensee shall submit the procedures established in accordance with paragraph 1, and any revision of them which (after consultation in accordance with paragraph 3) is proposed to be made, to the Authority for its approval.
6. The Licensee shall:
 - (a) send a copy of the procedures and any revision of them (in each case, after it has been approved by the Authority) to the Authority;
 - (b) make a copy of the procedures (as from time to time revised) available for inspection by members of the public; and
 - (c) give or send free of charge a copy of the procedures (as from time to time revised) to any Person who requests them.

Condition 25: Customers with special needs code of practice

1. The Licensee shall make arrangements by which special services for Customers who are disabled, chronically sick and elderly people, can be made available, where appropriate, for:
 - (a) providing special means of identifying officers authorised by the Licensee;
 - (b) giving advice on the use of electricity; and
 - (c) arrangements to restrict the disconnection of such Customers.
2. The Licensee shall, within 9 months of this Licence coming into force, or within such other time period as may be stipulated by the Authority, prepare a code of practice describing the special services available and any charges made or to be made to such Customers described in paragraph 1 above.
3. The Licensee shall, whenever requested to do so by the Authority, review the code prepared in accordance with paragraph 2, and the manner in which it has been operated, with a view to determining whether any Modification should be made to it or to the manner of its operation.
4. In preparing the code, and in carrying out any review (including in accordance with paragraph 3), the Licensee shall consult with Customers to whom the code applies and shall have regard to any representations made by such Customers about the code or the manner in which it is likely to be or (as the case may be) has been operated.

5. The Licensee shall submit any revision of the code, which, after consulting Customers in accordance with paragraph 4, it wishes to make to the Authority for its approval.
6. The Licensee shall:
 - (a) send a copy of the code and of any revision of it (in each case, in the form approved by the Authority) to the Authority;
 - (b) make a copy of the code (as from time to time revised) available for inspection by members of the public at each of the relevant premises during normal working hours; and
 - (c) give or send free of charge a copy of the code (as from time to time revised) to any Person who requests it.

Condition 26: Revocation

1. The Authority may, at any time, revoke this Licence by not less than 30 days' notice in writing to the Licensee:
 - (a) if the Licensee agrees in writing with the Authority that this Licence should be revoked;
 - (b) if the Licensee ceases to carry on the Licensed Activities for a period exceeding 90 days, except where the Authority is satisfied that this has occurred as a result of events beyond the reasonable control of the Licensee, in which case the Authority shall substitute such longer period as it considers reasonable in the circumstances;
 - (c) if any amount payable under Condition 12 of this Licence is unpaid for a period of 30 days after the date it has become due and remains unpaid for a period of 30 days after the Authority has given the Licensee notice in writing that the payment is overdue;
 - (d) if the Licensee fails, to any material extent, to perform any of its Licence duties or statutory duties;
 - (e) if the Licensee has been adjudicated insolvent;
 - (c) on expiry of the duration of the existence of the Licensee as specified in its constitutional documentation;
 - (h) if the Licensee suffers a change in the Control without the Authority's prior written approval, provided that, in considering whether or not to give such approval, the Authority's primary considerations shall be whether, in all the circumstances, (1) the Person acquiring Control is a fit and proper Person to



do so and (2) the change of Control would necessarily cause a breach of the Sector Law or a provision of this Licence; or

- (i) if it is found that the issue of this Licence was based on inaccurate and/or incorrect information provided by the Licensee and the Licensee has been convicted of such an offence in respect of the provision of such inaccurate or incorrect information pursuant to Article (132) (b) of the Sector Law.

2. For the purpose of paragraph 1(h), there is a change in the Control of the Licensee whenever a Person obtains Control of the Licensee who did not have Control of the Licensee when this Licence was granted.

PART III SUPPLY CONDITIONS

Condition 27: General

The Conditions set out in Part III of this Licence shall apply to the Licensee's Supply functions.

Condition 28: Demand Forecasts and Customer research

1. The Licensee shall cooperate with Licensed Operators in researching the demand for electricity, including:
 - (a) the characteristics of the demand for electricity of different classes of Customers, including:
 - (i) the relationship between the maximum demand of such Customers and the maximum demand of Customers as a whole;
 - (ii) the factors affecting the growth in demand of such Customers;
 - (iii) the profile of demand of such Customers over the course of representative days, over the course of weeks and over the course of a year and during certain periods (such as during National Day celebrations and the Holy month of Ramadan);
 - (iv) the response of the demand of such Customers to such factors as temperature, humidity and daylight hours; and
 - (v) the response of the demand of such Customers to changes in the price of electricity;
 - (b) the factors which affect the growth of demand as a whole, including:
 - (i) economic and demographic trends;
 - (ii) industrial policy;
 - (iii) social policy; and
 - (iv) changes in land use; and
 - (c) such other matters as the Authority may require.
2. Where the Licensee is required, by a Condition of this Licence or of the Grid Code or Distribution Code, to make a forecast of the demand for electricity, it shall endeavour to ensure that such forecast is accurate and unbiased.
3. When, and in the manner, required by the Authority, the Licensee shall report on the results of its research into the items referred to in paragraph (1) of this Condition.

Condition 29: Supply terms

1. Within 6 months of the grant of this Licence, the Licensee shall prepare and submit to the Authority, for its approval, standard terms and conditions of Supply in respect of each category of Customer identified in the register prepared in accordance with Condition 34. The approved standard terms and conditions shall constitute or be included within the terms and conditions of each relevant Supply contract between the Licensee and a Customer.
2. The Licensee may, and shall whenever requested to do so by the Authority, review the standard terms and conditions of Supply established in accordance with this Condition and the manner in which those terms and conditions have been operated, with a view to determining whether any Modifications should be made to them or any of them or the manner of their operation. Any Modification which may be made to such terms and conditions, or any of them, shall require the approval of the Authority.
3. The tariff specified in each Supply contract and the tariff which the Licensee shall be entitled to charge each Customer for electricity Supplied to such Customer by the Licensee shall be a Cost Reflective Tariff or a Permitted Tariff as specified in regulations issued in accordance with Article (9) of the Sector Law.

Condition 30: Tariffs for Electricity Supply

Supply Tariffs

1. The Licensee shall charge Customers a Permitted Tariff or a Cost Reflective Tariff for a Supply of electricity and shall otherwise comply with regulations made under Article (9) of the Sector Law.

Statement of Permitted Tariffs and Cost Reflective Tariffs

2. The Licensee shall:
 - (a) as soon as practicable after the grant of this Licence and in any event within 28 days of the Permitted Tariffs for Supply by it being established in accordance with Article (9) of the Sector Law, publish a statement setting out the Permitted Tariffs and Cost Reflective Tariffs for Supply;
 - (b) as soon as practicable and in any event within 28 days of any change to any Permitted Tariff for Supply being made in accordance with Article (9) and Article (10) of the Sector Law, publish a statement setting out the revised Permitted Tariffs which are to be applied and the date from which such revised Permitted Tariffs are to apply, together with (if known) details of the date upon which such Permitted Tariffs are to be the subject of a further review.
3. Statements published in accordance with paragraph 2 above shall:
 - (a) be published in a manner which shall be reasonably easily accessible by Persons who are Connected to the Licensee's System; and
 - (b) shall include such detail as shall be necessary to enable a Customer of any of the categories identified in regulations made under Article (9) and Article (11)

of the Sector Law (and such classes of Customer which exist within any category of Customer) to determine which level of Permitted Tariff or Cost Reflective Tariff, it would become liable to pay.

4. Where the Authority considers that simplified explanatory statements would help Customers understand the detail of a Permitted Tariff or a Cost Reflective Tariff, the Authority may direct the Licensee to draw up such explanatory statements either as part of or separately from the statements referred to and thereafter to publish them in the statement of Permitted Tariffs and Cost Reflective Tariffs for Supply.
5. The Licensee shall comply with the arrangements for the determination and disbursement of subsidy developed in accordance with Article (18) of the Sector Law.

Condition 31: Agency Contracts

1. Subject to paragraph 6, the Licensee shall enter into Agency Contracts as the agent of the PWP, with Autogenerators who:
 - (a) own or operate Systems which are Connected to the Licensee's System;
 - (b) have, in the relevant Connection Agreement, a maximum export capability of 25MW or less and who wish to sell electricity Output of amounts not exceeding 32,850MWh per annum or such other amount as shall be specified for these purposes in directions issued by the Authority from time to time; and
 - (c) are prepared to accept standard terms and conditions developed under paragraph 2.
2. The Licensee shall co-operate with the PWP in developing the standard terms and conditions, including as to price, to be included in all Agency Contracts. In the event that the Licensee and the PWP are unable to agree on any or all of the standard terms and conditions for Agency Contracts, the matters which are in dispute shall be referred to the Authority for determination.
3. The standard terms and conditions for Agency Contracts agreed between the Licensee and the PWP as provided at paragraph 2 above shall be:
 - (a) subject to the approval of the Authority;
 - (b) reviewed and modified by the Licensee in accordance with the directions issued from time to time by the Authority; and
 - (c) consistent with the Economic Purchase obligations of the Licensee and PWP.
4. Subject to the Licensee and the PWP having agreed standard terms and conditions in accordance with paragraph 2 above, and subject to paragraph 6 below, the Licensee shall enter into an Agency Contract with any Autogenerator (a) whose System is Connected to the Licensee's System and (b) who requests the same.
5. The Licensee shall promptly:
 - (a) notify the PWP:

- (i) of any request it receives from any Autogenerator to enter into an Agency Contract; and
 - (ii) of the date upon which any such contract is entered into; and
 - (b) send to the PWP a copy of each signed Agency Contract.
6. The Authority may, from time to time require that, having regard to the quantities of electricity purchased from time to time by the Licensee under Agency Contracts, no further Agency Contracts should be entered into. The Licensee shall not enter into any Agency Contracts if the Authority issues directions to it and/or the PWP requiring that the Licensee refrain from so doing.

Condition 32: Customer late payment code of practice

1. The Licensee shall, within 3 months of this Licence coming into force, prepare a code of practice to be approved by the Authority setting out the methods for dealing with Customers who incur obligations to pay for electricity supplied by the Licensee and who have difficulty in discharging those obligations.
2. The Licensee shall, within 3 months after the code of practice has been put in place, establish procedures for monitoring the general operation of the arrangements set out in the code of practice and the Licensee's compliance with those arrangements. Procedures in the code of practice shall be submitted to the Authority for approval.

Condition 33: Efficient use of electricity code of practice

The Licensee shall, within 6 months of the grant of this Licence, prepare a code of practice setting out the ways in which the Licensee will make available to Customers such guidance on the efficient use of electricity as will, in the opinion of the Licensee, enable them to make informed judgments on measures to improve the efficiency with which Customers use the electricity supplied to them.

Condition 34: Register of Customers

1. The Licensee shall, within 3 months of the date of this Licence, prepare and submit to the Authority for its approval a report which:
 - (a) identifies each of the different categories and sub categories of Customers who are Supplied or to be Supplied with electricity by the Licensee. The categories of Customers identified shall be as specified in regulations issued in accordance with Article (9) of the Sector Law;
 - (b) distinguishes between different classes of Customers and, within categories of Customer, between different groups or types of Customer on the basis of the level of consumption, the pattern of consumption over time, the geographical location of Customers or any other basis which the Authority may specify in regulations issued in accordance with Article (9) of the Sector Law; and
 - (c) identifies Customers with special needs.



2. The Licensee shall maintain in the register of all Customers and Premises Supplied by it, details of the date upon which the Supply commenced and (if appropriate) ended.
3. The Register shall also include details of the category of each such Customer (as specified in regulations issued pursuant to Article (9) of the Sector Law) and as to the other characteristics of such Customer within that category as shall be specified in such regulations.



SCHEDULE 1 AUTHORISED AREA

The Authorised Area of the Licensee shall extend to the whole of the Sultanate of Oman except for the Governorate of Dhofar.

SCHEDULE 2 CHARGE RESTRICTION CONDITIONS ¹

Supply Business Revenue

The Licensee shall in setting its charges for the Supply of electricity and in claiming its subsidy entitlement from the Government use its best endeavours to secure that in any Relevant Year the **Actual Regulated Supply Revenue** (ARSR) shall not exceed the **Maximum Allowed Supply Revenue** (MASR) calculated according to the following formula:

$$MASR_t = PC_t + TUoS_t + DUoS_t + SB_t + CS_t + CTC_t + LF_{St} - K_{St}$$

Where:

- MASR_t means the Maximum Allowed Supply Business Revenue in Relevant Year t;
- PC_t means amounts due (measured on accruals basis) in respect of purchases of electricity in Relevant Year t;
- TUoS_t means amounts due (measured on accruals basis) in respect of charges for the use of a Transmission System in Relevant Year t;
- DUoS_t means amounts due (measured on accruals basis) in respect of charges for the use of a Distribution System in Relevant Year t;
- SB_t means the Supply Business Revenue in Relevant Year t calculated according to the formula in paragraph 2a below;
- CS_t means the Customer Satisfaction Incentive Revenue in Relevant Year t calculated according to paragraph 2c below;
- CTC_t means the Cost of Transition to supply Competition in Relevant Year t, approved for recovery by the Authority;
- LF_{St} means the Supply Business share of the License fee payable pursuant to Condition 12 in Relevant Year t; and
- K_{St} is the Supply Business correction factor in Relevant Year t calculated in accordance with the following formula:

$$K_{St} = (ARSR_{t-1} - MASR_{t-1}) \times (1 + (i_t / 100))$$

Where:

- ARSR_{t-1} means the Actual Regulated Supply Revenue in Relevant Year t-1;

¹ Modified on 1 January 2022

MASR_{t-1} means the Maximum Allowed Supply Revenue in Relevant Year t-1;
and
i_t means the Specified Rate save that when ARSR_{t-1} exceeds MASR_{t-1} by more than 2 per cent, the Specified Rate plus 3 unless otherwise agreed by the Authority;

2a The value of SB_t in a Relevant Year shall be derived from the following formula:

$$SB_t = d_t \times CA_t$$

Where:

SB_t means the **Supply Business Revenue** in Relevant Year t;
d_t in the First Relevant Year is the Notified Value provided by the Authority. In subsequent Relevant Years d_t shall be calculated according to the formula in paragraph 2b below; and
CA_t means the number of Customer Accounts registered with the Licensee in Relevant Year t.

2b The value of d_t shall, after the First Relevant Year, be derived from the following formula:

$$d_t = d_{t-1} \times (1 + CPI_t - X_{St})$$

Where:

CPI_t in relation to a Relevant Year is the percentage change in the Omani Consumer Price Index in the twelve month period ending on 30th June in the previous Relevant Year.

If, when complying with the requirements of paragraphs 12 and 13, the value of CPI_t for the relevant period is unavailable, the value of CPI_t shall be a forecast of the percentage change in the Omani Consumer Price Index for the twelve month period ending on the 30th June in the previous Relevant Year agreed with the Authority.

X_{St} is the Notified Value provided by the Authority.

2c The value of CS_t in the Relevant Year t shall be derived from the following formula:

$$CS_t = (KS_t - 1) \times r_t \times MASR_{t-1} \times (1 / CAP_t)$$

Where:

- r_t is a Notified Value in Relevant Year t provided by the Authority;
- $MASR_{t-1}$ means the Maximum Allowed Supply Revenue in Relevant Year t-1;
- CAP_t is a Notified Value provided by the Authority in Year t; and
- KS_t is calculated in accordance with the following formulae:

$$KS_t = 1 + CAP_t \text{ if } (WS_{t-1} / TS_{t-1}) \geq (1 + CAP_t)$$

$$KS_t = 1 - CAP_t \text{ if } (WS_{t-1} / TS_{t-1}) \leq (1 - CAP_t)$$

$$KS_t = WS_{t-1} / TS_{t-1} \text{ if } (1 - CAP_t) < (WS_{t-1} / TS_{t-1}) < (1 + CAP_t)$$

Where:

- WS_{t-1} means the Licensee's Weighted Key Performance Indicator Score in Relevant Year t-1.
- TS_{t-1} means the target key performance indicator score in Relevant Year t-1, a Notified Value provided by the Authority.

Restrictions on Electricity Supply Charges

3. If, in respect of any Relevant Year, the **Actual Regulated Supply Revenue** exceed the **Maximum Allowed Supply Revenue** by more than 3 per cent, the Licensee shall furnish an explanation to the Authority and in the next following Relevant Year the Licensee shall not effect any increase in charges for the Supply of electricity, the revenue from which is regulated under this schedule, unless it has demonstrated to the reasonable satisfaction of the Authority that the revenue collected from the increased charges is not likely to exceed the **Maximum Allowed Supply Revenue** in that next following Relevant Year.
4. If, in respect of any 2 successive Relevant Years, the sum of the amounts by which the **Actual Regulated Supply Revenue** has exceeded the **Maximum Allowed Supply Revenue** is more than 4 per cent of the **Maximum Allowed Supply Revenue** for the second of these Relevant Years, then in the next following Relevant Year the Licensee shall, if required by the Authority, adjust its charges for the Supply of electricity so that the revenue collected from these charges would not be likely, in the judgment of the Authority, to exceed the **Maximum Allowed Supply Revenue** in that next following Relevant Year.
5. If, in respect of any 2 successive Relevant Years, the **Actual Regulated Supply Revenue** collected is less than 90 per cent of the **Maximum Allowed Supply Revenue**, the Authority, after consultation with the Licensee, may direct that in calculating KS_t in respect of the next following Relevant Year, there should be substituted for $ARSR_{t-1}$ in the formula set out in paragraph 2 such figure as the

Authority may specify being not less than $ARSR_{t-1}$ and not more than $0.9*(MASR_{t-1})$.

Provision of Information to the Authority

6. Where any change is intended to be made in charges for the Supply of electricity the Licensee shall 1 month prior to the date of publication of such changes provide the Authority with:
 - (a) a written forecast of the **Actual Regulated Supply Revenue** expected in the Relevant Year t in which such change is to take effect and in respect of the next following Relevant Year t+1; and
 - (b) a written estimate of the **Maximum Allowed Supply Revenue**, together with their respective components, in respect of the Relevant Year t-1 immediately preceding the Relevant Year in which the change is to take effect unless a statement complying with paragraph 11 in respect of Relevant Year t-1 has been furnished by the Licensee to the Authority before the publication of the proposed change.
7. If within 3 months of the commencement of any Relevant Year t the Licensee has not made any such change in its charges as referred to in paragraphs 5 or 8, the Licensee shall provide the Authority with a written forecast of the **Maximum Allowed Supply Revenue**, together with their respective components, in respect of the Relevant Year t.
8. Any forecast or estimate provided in accordance with paragraphs 9 or 10 shall be accompanied by such information as regards the assumptions underlying the forecast or any estimate as may be necessary, in the judgement of the Authority, to enable the Authority to be satisfied that the forecast or estimate has been properly prepared on a consistent basis.
9. Not later than 6 weeks after the commencement of each Relevant Year t, the Licensee shall send the Authority a statement as to:
 - (a) whether or not the provisions of paragraphs 6, 7 and 8 regarding the electricity supply charges are likely to be applicable in consequence of revenues collected in the preceding Relevant Years (t-1 and t-2);
 - (b) its best estimate as to the relevant correction factor K_{St} calculated in accordance with the formula set out in paragraph 2 to be applied in calculating the **Maximum Allowed Supply Revenue** in Relevant Year t.
10. Not later than 3 months after the end of each Relevant Year t the Licensee shall send to the Authority a written statement in respect of that Relevant Year showing the specified items referred to in paragraph 12.
11. The statements referred to in the preceding paragraph shall be:

- (a) accompanied by a report addressed to the Authority from the auditors referred to in Condition 14 that in their opinion such statements fairly represents each of the specified items in accordance with the requirement of this schedule and that the amounts shown in respect of each of the specified items are in accordance with the accounting records which have been maintained in accordance with Condition 14. The Authority may also require certain information of the specified items referred to in paragraph 11 or any information relating to or used for the calculation of these specified items to be subject to further audit by suitably qualified auditors as may be specified in directions issued by the Authority for the purposes of this schedule; and
- (b) certified by a director of the Licensee on behalf of the Licensee that, to the best of his or her knowledge, information and belief after having made all reasonable enquires, that the amounts included in its calculations under paragraph 12 have been prepared in accordance with the Licensee's statutory and Licence obligations.
12. The specified items to be shown in the statements referred to in paragraph 10 in respect of the Licensee's activities shall be the following:
- (a) the Actual Regulated Supply Revenue in Relevant Year t (showing separately (i) customer revenue, and (ii) Subsidy);
- (b) the value of PC_t as defined in paragraph 2 in Relevant Year t ;
- (c) the value of $TUoS_t$ as defined in paragraph 2 in Relevant Year t ;
- (d) the value of $DUoS_t$ as defined in paragraph 2 in Relevant Year t ;
- (e) the value of CS_t as defined in paragraph 2 in Relevant Year t ;
- (f) the value of CTC_t as defined in paragraph 2 in Relevant Year t ;
- (g) the Regulated Units Distributed in Relevant Year t ;
- (h) the Regulated Bulk Supplies in Relevant Year t ;
- (i) the number of Customer Accounts registered with the Licensee in Relevant Year t ;
- (j) the value of d_t as defined in paragraph 2a in Relevant Year t ; and
- (k) such other items as shall be specified in directions issued by the Authority for the purposes of this schedule in Relevant Year t .

Duration of Charge Restriction Conditions

13. The charge restriction conditions in this schedule shall apply so long as this Licence continues in force but shall cease to have effect (in whole or in part as the case may be) if the Licensee delivers to the Authority a disapplication request made in accordance with paragraph 14 and:
- (a) the Authority agrees in writing to the disapplication request; or



- (b) their application (in whole or in part) is terminated by notice given by the Licensee in accordance with either paragraph 14 or 15.
14. A disapplication request shall:
- (a) be in writing addressed to the Authority;
 - (b) specify the charge restrictions (or any part thereof) to which the request relates; and
 - (c) state the date from which the Licensee wishes the Authority to agree that the specified charge restriction conditions shall cease to have effect, and the date upon which such charge restriction conditions shall cease to have effect shall be the 'disapplication date' provided that, save where the Authority agrees otherwise, the disapplication date shall not be earlier than the date occurring 18 months after the delivery of the disapplication request.
15. If the Authority has not proposed a modification of the charge restriction conditions or has not issued a decision in writing rejecting the disapplication request before the beginning of the period of 6 months which will end with the disapplication date, the Licensee may deliver written notice to the Authority terminating the application of such of the charge restriction conditions as are specified in the disapplication request with effect from the disapplication date or a later date.
16. Nothing in paragraphs 10 to 12 above shall be taken to imply any limitation to or restriction of the Authority's power to modify this Licence in accordance with Article (109) of the Sector Law.

Definitions

In this schedule words and expressions, when used with capital letters, shall have the following meanings:

"Actual Regulated Supply Revenue (ARSR_t)"

means the revenue recovered through charges for the provision of Supply of electricity to Premises, Subsidy received from Government, and any other revenue items related to the Supply Business stipulated by the Authority measured on an accruals basis;

"Cost of Transition to Supply Competition (CTC)"

means the expenditure to assist the introduction of a competitive retail electricity supply market, approved for recovery by the Authority;

"Customer Accounts (CA_t)"

means the number of customer accounts registered with the Licensee;

"Customer Satisfaction Incentive Revenue (CS_t)"

means the revenue corresponding to the Licensee's Weighted Key Performance Indicator Score (WS_{t-1}) relative to the target key performance indicator score (given by the Notified Value TS_{t-1});

"First Relevant Year"

means the Relevant Year effective on 1 January 2023 and ending on 31 December 2023;

"Maximum Allowed Supply Business Revenue (MASR_t)"

means the maximum amount that can be recovered in a Relevant Year through charges for the Supply of electricity to Premises and any other revenue items stipulated by the Authority, the revenue from which is regulated under this schedule;



"Metered"	means in relation to any quantity, as measured by a meter installed for such purpose pursuant to the Metering and Data Exchange Code or (where no such meter is installed) as otherwise reasonably calculated;
"Monthly Statistical Bulletin"	means the Monthly Statistical Bulletin published by the National Centre for Statistics and Information;
"National Centre for Statistics and Information"	means the centre established pursuant to Royal Decree No. 31/2012;
"Notified Value"	means, in relation to any term, such value as shall be first ascribed to that term in a written notice given to the Licensee by the Authority as soon as practicable after the date of grant of this Licence or as revised in a written notice given to the Licensee by the Authority;
"Omani Consumer Price Index"	<p>is calculated as a weighted average of the value of the following price indices within the "Sultanate Consumer Price Index", as published in the Monthly Statistical Bulletin:</p> <ol style="list-style-type: none">1. Foods and non-alcoholic beverages2. Tobacco3. Clothing & Footwear5. Furnishings, household equipment and routine household maintenance6. Health7. Transport8. Communication9. Recreation and Culture10. Education11. Restaurants and Hotels12. Miscellaneous goods and services <p>The weights to attach to each of the items above, w_i, shall be calculated as $w_i = \left(\frac{weight_i}{\sum_{i=1}^{12} weight_i} \right)$ where $i = 1 - 3, 5 - 12$ and $weight_i$ is the weight stated for the i^{th} item above in the Sultanate Consumer Price Index;</p>
"Regulated Bulk Supplies"	means the aggregate quantity of electricity units entering the Licensee's Distribution System from a Transmission System, Distribution System, Production Facility or other System or Premise in that Relevant Year Metered at exit points of the relevant System or Production Facility or Premise;
"Regulated Units Distributed"	means the aggregate quantity of electricity units distributed through the Distribution System in that



"Relevant Year"	Relevant Year Metered at exit points on leaving the Distribution System or (where no such meter is installed) as otherwise reasonably calculated; means a period of 12 calendar months commencing on 1 January;
"Relevant Year t"	means that Relevant Year for the purposes of which any calculation falls to be made;
"Relevant Year t-1"	means the Relevant Year preceding Relevant Year t or, in respect of the First Relevant Year, the period of 12 calendar months commencing on 1 January 2022; and similar expressions shall be construed accordingly;
"Specified Rate"	means in respect of Relevant Year t the average of the Weighted Average Interest Rates on Deposits (Total Deposits All Sectors: Rial Omani) published in the Monthly Statistical Bulletin of the Central Bank of Oman (or such other banks as the Authority shall specify from time to time) during Relevant Year t-1;
"Supply Business Revenue (SB_t)"	means the revenue allowed in relation to the Licensee's direct costs of providing the Supply Business Licensed Activities listed in Paragraph 4(b), 4(d) and 4(e) of Part 1 of this Licence and the Sector Law;
"Unit Distributed"	means a kilowatt-hour; and

2. Words and expressions, when used in this schedule with capital initial letters and which are not defined in paragraphs 1 and 2 above, shall have the meanings given to them in Part I of this Licence.