



هيئة تنظيم الخدمات العامة Authority for Public Services Regulation

Direct Sales Regulatory and legal framework

Article (22) of the Electricity and Related Water Sector Law stipulates that the Authority shall review the conditions of the electricity market in order to measure the readiness of the market for further liberalization.

The outcomes of the studies carried out by the Authority during the past period showed that the electricity market in the Sultanate of Oman has become ready for further liberalization. Accordingly, the Authority decided to implement the direct sale mechanism between the electricity producing companies licensed by the Authority and among major consumers other than the Oman Power and Water Procurement Company SAOC.

In 2021, the Authority commenced the work to prepare a legal and regulatory framework for the direct sale of electricity with the assistance of an international consultant in order to develop the appropriate regulatory framework in accordance with the requirements of the direct sale mechanism. The consultant conducted a comprehensive study of the current electricity market conditions in Oman and identified challenges related to direct sales. In addition to the prepared regulatory framework, a comprehensive guidance document has been prepared to provide direct sales participants with the initial conditions, rules and requirements that must be met to start the direct sales.

The implementation of the direct sales mechanism, at the first stage, will be limited to generators with expired contracts(PPA) with the Oman Power and Water Procurement Company and companies that rely on self-production and have an exemption license from the Authority. Moreover, it is necessary for the regulatory and legal framework for direct sales to consider the technical aspects - mainly to ensure that all economic and technical requirements are met such as: connection to the network, the effects of operating power units on the network, consumption calculation and settlement, ancillary services, and electricity losses.

Participants who meet the conditions of direct sales in the first phase will be able to start the direct sales **effectively from October 1, 2022.**

In the interest of the Authority to provide all means of support to facilitate the direct sales process, the Authority has started during the last two months a trial period of the direct sales process after granting an exemption to the eligible participants to initiate the direct sales process under specific conditions.

It is expected that the direct sales mechanism will contribute to enhancing competition and efficiency as well as attracting investments.