

SULTANATE OF OMAN



هيئة تنظيم الخدمات العامة
Authority for Public Services Regulation

**PRODUCTION OF WATER LICENCE
"Desalination"**

GRANTED TO

GS INIMA BARKA 5 DESALINATION Co SAOC

Effective: 25 January 2024

Contents

PART I THE LICENCE	3
1. GRANT OF THE LICENCE.....	3
2. CONDITIONS OF THE LICENCE	3
3. TERM OF THE LICENCE	3
4. LICENSED ACTIVITIES	3
5. GOVERNING LANGUAGE	3
6. LANGUAGE	3
7. DEFINITIONS	4
8. INTERPRETATIONS AND CONSTRUCTION.....	8
PART II: CONDITIONS	9
Condition 1: Part II Conditions.....	9
Condition 2: Prohibited activities and cross-ownership	9
Condition 3: Compliance with Applicable Codes	10
Condition 4: Dispatch	10
Condition 5: Provision of information to the Authority	10
Condition 6: Co-operation with and Provision of information to PWP	10
Condition 7: Co-operation with and Provision of information to other Licensee	10
Condition 8: Health and safety	11
Condition 9: Licence Fees	12
Condition 10: Insurance against third party liability	12
Condition 11: Environmental matters	13
Condition 12: Disposal of assets and transfer of Licence.....	13
Condition 13: Regulatory accounts.....	14
Condition 14: Omani Content and Omanisation.....	15
Condition 15: Regulatory Compliance	15
Condition 16: SCADA and DCS Cyber Security	16
Condition 17: Safe and secure Production Facilities	17
Condition 18: Non-discrimination	18
Condition 19: Guaranteed and overall standards of performance	18
Condition 20: Licensee Capabilities	18
Condition 21: Water Quality Standards	18
Condition 22: Suspension and Revocation	19
SCHEDULE 1 - PRODUCTION FACILITIES.....	21

PART I THE LICENCE

1. Grant of the Licence

The Authority for Public Services Regulation (the Authority), in exercise of the powers conferred by Article (7) of the Sector Law (hereinafter referred to as the "Sector Law") promulgated by Royal Decree 40/2023, hereby grants **GS INIMA Barka 5 Desalination Co SAOC** (the Licensee) a production of Water licence (the Licence) to produce water by desalination from the Production Facilities (identified in Schedule 1 of this Licence).

2. Conditions of the Licence

This Licence is granted on the conditions set out in Part II (hereinafter referred to as the "Conditions") for the period referred to in paragraph (3) below and for the purposes of enabling the Licensee to carry out the licensed activities as referred to in paragraph (4) below (hereinafter referred to as the "Licensed Activities").

This Licence is subject to:

- 1) Modification in accordance with the provisions of the Sector Law and in accordance with their terms; and
- 2) Revocation or Suspension in accordance with the provisions of Sector Law and the Condition 22 of this Licence.

3. Term of the Licence

This Licence shall come into force on **25 January 2024** and, unless revoked by the Authority in accordance with the provision of the Sector Law and/ or in accordance with the provisions of Condition 22, shall continue in full force and effect until the termination of the Water Purchase Agreement with Oman Power and Water Procurement (OPWP).

4. Licensed Activities

This Licence authorises the Licensee to carry out the Production of water by Desalination from the Production Facilities up to a maximum installed capacity of 100,000 m³/ day.

5. Governing Language

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

6. Language

Whenever a Condition of this Licence requires the preparation 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 prepared, produced or published in both the Arabic and English languages.

7. 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;
"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
"Condition"	has the meaning given to it in paragraph (2) of Part I;
"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:
 - (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;

"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 and **Connect** and **Connection** shall be construed accordingly;

"Desalination"

means the production of demineralised and/ or potable water from saline or brackish water

"Desalination Business"	means the authorised business of the Licensee (or any Affiliate) in the Desalination of water in the Sultanate of Oman;
"Desalination Unit"	means any plant or apparatus for the Desalination of water including a facility comprising one or more Desalination units;
"Dispatch"	means the general process by which instructions are determined and the issuing of those instructions to Licensed producer and/or Licensed Desalinators, and/or Licensed Desalinators from Desalination Facilities of as to the operation or cessation of operation of their production facilities.
"Government"	means the Government of the Sultanate of Oman;
"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;
"Licensee"	means any Person who is the holder of a Licence and shall, where the context permits include the Licensee;
"Licensed Activities"	has the meaning given to it in paragraph (4) of Part I;
"Licensee"	has the meaning given to it in paragraph (1) of Part I;
"Omani Content"	Omani products, suppliers and contractors;
"Omanisation"	means the Government's policy for the employment and training of Omani nationals;
"Operational Balancing Purposes"	purposes necessarily ancillary to the conduct of the Licensed Activities involving the filling up or drawing down of water in storage;
"Person"	any natural person or public or private legal person or corporations or societies or organisations;
"Premises"	any land, building or structure occupied or used by a Person;

"Production Capacity"	means the Water Production capacity from a Water Production Facility up to the maximum given in paragraph (4) of Part I.
"OPWP"	means the Oman Power and Water Procurement Company SAOC, having the functions assigned to it under the Sector Law;
"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 (7) of the Sector Law;
"Sector Law"	the Law for the Regulation of the Water and Wastewater Law promulgated by Royal Decree 40/2023;
"The Authority"	means the Authority for Public Services Regulation established pursuant to Article (19) of the Electricity Sector Law;
"Water"	potable water according to the standards approved by the Competent Authority, and demineralised water
"Water Production"	the extraction and treatment of Water from the sea, waterways, underground water, or wells, or the production of Water in any other way according to the standards issued by Competent Authorities, including by Desalination;
"Water Production Facility"	a facility where Water Production is carried out;
"Water Transmission System"	means the system consisting (wholly or mainly) of high pressure water pipelines and used for the transmission of water from one or more Desalination facilities or water storage facilities to a pumping station or storage facility or between pumping stations; and
"WPA"	means the Water Purchase Agreement entered into by the Licensee and OPWP for, amongst other things, the purchase and sale of the Production Capacity from the Desalination Facility of a Special Nature;

8. Interpretations 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 any 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;
- (d) terms used in this Licence shall, unless the context otherwise requires, have the same meaning as ascribed to them in the Sector Law; and
- (e) a reference to a law, regulations, directives, codes or other document issued by the Authority shall be construed to refer to such law, regulations, directives, codes or other document as may have been modified or replaced from time to time.
- (f) unless the context requires otherwise, words importing the singular include the plural and vice versa.

PART II: CONDITIONS

Condition 1: Part II Conditions

The Conditions in this Part II of this Licence shall apply to the Licensed Activities listed in paragraph (4) of Part I.

Condition 2: Prohibited activities and cross-ownership

- 2.1 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) purchase or acquire water in the Sultanate of Oman for the purpose of sale or other disposition to third parties;
 - (b) Convey water by any means in the Sultanate of Oman, except to the extent necessary to deliver water into the Water Transmission System, as appropriate;
 - (c) engage in the Sultanate of Oman in the business of water storage, except for Operational Balancing Purposes;
 - (d) engage in the Sultanate of Oman in the distribution or supply of water to any Premises;
 - (e) without the consent in writing of the Authority, hold any economic interest, whether by the ownership of shares or otherwise, in entities which, on their own account or in combination with other entities, provide more in aggregate than twenty five per cent (25%) of the Production Capacity of production facilities which Desalinate water and form part of the relevant market of water Desalination as defined by the Authority for this purpose.
 - (f) The Authority shall, in determining whether the thresholds referred to in paragraph (e) of this Condition (2) have been breached, be entitled to take account of the production facilities outside the Sultanate of Oman from which water is available for Import and any economic interest in this production facilities held by the Licensee or any Affiliate of the Licensee;
 - (g) without the consent in writing of the Authority, hold any economic interest, whether by the ownership of shares or otherwise, in entities which undertake activities of transmission, Dispatch, distribution or supply of water in the Sultanate of Oman.
- 2.2 Subject to the provision of Article (39) of the Sector Law, the Licensee shall not sell or otherwise grant any right to the Production Capacity of its Production Facilities to anyone other than the OPWP.
- 2.3 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.
- 2.4 The Licensee shall, in carrying out the Licensed Activities, comply at all times with the Law.

Condition 3: Compliance with Applicable Codes

The Licensee shall, to the extent that the same is applicable to it, become and remain a party to and shall comply with the provisions of all applicable codes in Water and/or Electricity sectors.

Condition 4: Dispatch

- 4.1 The Licensee shall, at such times and in such manner as may be provided under the WPA or any other agreement, provide the Authority, or any other relevant entity pursuant to the WPA, with all information reasonably required by it to enable it to operate the system of Dispatch of water.
- 4.2 The Licensee shall comply promptly with Dispatch instructions as per the arrangements and obligations stipulated in the WPA.

Condition 5: Provision of information to the Authority

- 5.1 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.
- 5.2 Without prejudice to the generality of paragraph 5.1, the Authority may call for the furnishing of accounting information.
- 5.3 In paragraphs 5.1 and 5.2 of this Condition, "information" shall include any documents, accounts, estimates, analysis, returns or reports (whether or not prepared specifically at the request of the Authority) of any description specified by the Authority.

Condition 6: Co-operation with and Provision of information to PWP

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

Condition7: Co-operation with and Provision of information to other Licensee

- 7.1 The Licensee shall furnish to any Licensee 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 Licensee to perform the functions assigned to it under the Sector Law or its Licence.
- 7.2 The Licensee shall co-operate, to such extent as the Authority may direct, with any relevant Licensee in performing its functions under the Sector Law and this Licence so as to enable any such Licensee to perform its functions under the Sector Law and its Licence.

Condition 8: Health and safety

- 8.1 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 the applicable Laws and any regulations from Competent Authorities.
- 8.2 Subject to condition 8.3 below, the Licensee shall, taking due account of any guidance issued to it by the Authority and all applicable Laws and regulations, within 90 days 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.
- 8.3 If a health and safety policy which complies with all applicable Laws and regulations has been agreed with the Licensee and is reflected in the WPA, the Licensee shall be deemed to have complied with the provisions of condition 8.2 for so long as such policy continues to apply and to the extent that the Licensee complies with the same.
- 8.4 The Licensee shall review the policy and the management arrangements annually and otherwise as appropriate.
- 8.5 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.
- 8.6 The Licensee shall at all times act with regard to the policy and use reasonable endeavours to operate the management arrangements effectively.

Condition 9: Licence Fees

- 9.1 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.
- 9.2 In respect of the year beginning on 1 January 2024 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 sub-paragraph (a) above 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 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 year beginning 1 January 2024 and ending 31 December 2024, the fee shall be paid in the number of instalments determined by the Authority.

Condition 10: Insurance against third party liability

- 10.1 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 10.3.
- 10.2 The Licensee shall, except as the Authority may otherwise consent, procure that every insurance policy maintained pursuant to paragraph 10.1 above shall bear an endorsement to the effect that a minimum of 30 days' prior notice shall be given to the Authority by the insurer or insurance broker of any lapse or cancellation of, or material change to, the policy.
- 10.3 Where the Authority notifies the Licensee that the Authority requires any modification of the insurance approved by the Authority pursuant to paragraph 10.1 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.

10.4 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 11: Environmental matters

- 11.1 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 180 days 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.
- 11.2 If the Environmental policy which complies with all applicable Laws and regulations has been agreed with the Licensee and is reflected in the WPA, the Licensee shall be deemed to have complied with the provisions of condition 11.1 for so long as such policy continues to apply and to the extent that the Licensee complies with the same.
- 11.3 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.
- 11.4 The Licensee shall act with regard to the policy and operational objectives and use its reasonable endeavours to operate the management arrangements effectively.
- 11.5 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 12: Disposal of assets and transfer of Licence

12.1 The Licensee shall not:

- (a) transfer its interests in, under or to this Licence (nor any part thereof), without the prior written consent of the Authority;
- (b) create or agree to create any security or effect a Disposal of or relinquish control over any Relevant Asset or liability necessary for the undertaking of the Licensed Activities 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.

12.2 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;

"Relevant Asset" means any material 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 and which at the relevant time forms part of the Production Facilities owned and operated by the Licensee, including any interest in land upon which any such asset is situated.

Condition 13: Regulatory accounts

- 13.1 This Condition shall apply for the purposes of ensuring that the Licensee (and any Affiliate) maintains accounting and reporting arrangements which enable those accounts to be prepared in accordance 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.
- 13.2 The remaining paragraphs of this Condition shall apply from a date determined by the Authority and specified in a notice given to the Licensee specifying:
- (a) the date from which the following paragraphs shall apply, being a date no less than six months after service of the notice; and
 - (b) any modifications which the Authority may require to this Condition in relation to the subject matter of the notice.
- 13.3 The Licensee shall:
- (a) keep or cause to be kept for the end of its financial years, and in the manner referred to in this Condition:
 - (i) such accounting records in respect of the Desalination Business as are required to be kept in respect of such business by Law; and
 - (ii) such other accounting records in respect of such Desalination 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;
 - (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 Desalination Business; and

- (d) deliver to the Authority:
 - (i) the auditors' report referred to in sub-paragraph (c) above; and
 - (ii) the accounting statements referred to in sub-paragraph (b)(i) above,
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 13.3(b)(i) and the auditor's report referred to in paragraph 13.3(c).

13.4 Accounting statements in respect of a financial year prepared under paragraph 13.3(b)(i) shall, and unless otherwise approved by the Authority having regard to the purposes of this Condition:

- (a) have the same content and format as the annual accounts of the Licensee prepared under relevant Law;
- (b) conform to the best commercial accounting practices and to the 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) be published with the annual accounts of the Licensee.

Condition 14: Omani Content and Omanisation

14.1 The Licensee shall in conducting the Licensed Activities promote and encourage the employment and training of Omani nationals and otherwise comply with and procure compliance with the Government's policy and relevant legislations and regulations from time to time in respect of Omanisation and Omani Content.

14.2 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.

Without prejudice to paragraph 14.1 and 14.2 of this condition, the Licensee shall use reasonable endeavours to ensure that its contractors, suppliers, service providers and all other entities which the Licensees enter into a contract with for the provisions of goods, services and / or labour must include provisions: (i) requiring such contractors, suppliers, service providers and / or other entities to comply at all times with applicable Omanisation requirements and regulations; (ii) making failure to comply with Omanisation requirements and regulations grounds for termination of the relevant agreement by the Licensee.

Condition 15: Regulatory Compliance

The Licensee shall comply with all conditions of this license, regulations, decisions and directives issued by the Authority from time to time. Failing to do so, the licensee shall be

subject to any sanction stipulated in the Sector Law and this without prejudice of other sanctions provided in the licence or any relevant regulations.

Condition 16: SCADA and DCS Cyber Security

- 16.1 The Licensee shall, in carrying out the Licensed Activities, safeguard and protect its SCADA and DCS systems from Cyber Security threats, in all circumstances in accordance with applicable law and relevant regulations from Competent Authorities.
- 16.2 The Licensee shall comply with the SCADA and DCS Cyber Security Standards issued by the Authority from time to time in the timescale stipulated by the Authority from time to time requiring the Licensee to:
- (i) Establish effective governance of the SCADA/ DCS environment;
 - (ii) Understand the risk to business of SCADA/ DCS Cyber Security threats;
 - (iii) Establish and maintain secure SCADA/DCS systems and architecture;
 - (iv) Implement incident response, business continuity and disaster recovery plans for SCADA/DCS systems;
 - (v) Establish a SCADA/DCS cyber security training and awareness programme;
 - (vi) Manage third party SCADA/DCS cyber security risks ; and
 - (vii) Ensure security controls are included in SCADA/DCS system changes and projects.
- 16.3 The Licensee shall appoint a suitably qualified and experienced person as a Single Point of Accountability (SPoA) responsible for SCADA/DCS Cyber Security in the organisation. The SPoA shall be a member of the senior management team.
- 16.4 The Licensee shall provide the Authority with details of the qualifications, experience and responsibilities of the SPoA and their position in the senior management team, and promptly notify the Authority of a change to the SPoA.
- 16.5 The Licensee shall at all times act in accordance with guidance and directions issued to it by the Authority concerning SCADA and DCS Cyber Security and all applicable Laws and regulations, and to take all necessary actions to comply with the Mandatory Standards referred to in paragraph 16.2 of this Condition.

For the purposes of this Condition:

“Cyber Security” means 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.

The general security objectives comprise the following:

- Availability,
- Integrity, which may include authenticity and non-repudiation, and
- Confidentiality

“SCADA and DCS Systems”

means all Supervisory Control and Data Acquisition (SCADA) and Distributed Control Systems (DCS) which directly or indirectly enable the Licensee to monitor and/or control industrial operational processes when undertaking the Licensed Activities.

Condition 17: Safe and secure Production Facilities

The Licensee shall operate and maintain the Production Facilities in a safe and secure manner. The licensee shall consider and involves the following;

- (a) a combination of efficient processes, careful monitoring, and adherence to best practices.
- (b) Implement a proactive maintenance schedule to ensure that all equipment is regularly inspected, and fully operational.
- (c) Conduct frequent water quality monitoring to ensure that the produced water meets regulatory standards and consumer requirements.
- (d) Develop and regularly update emergency response plans to address potential issues such as equipment failures, power outages, or natural disasters.
- (e) Consider to maintain efficient and sustainable desalination operations by regularly reviewing and updating operational practices in response to changing conditions and technological advancements.
- (f) Report promptly any violation of the standards of performance or WPA to the Authority followed by the measures taken to remedy the violation.

Condition 18: Non-discrimination

In carrying out the Licensed Activities, the Licensee shall not create any undue preference in favour of, and shall not unduly discriminate against, any Person or class of Persons.

Condition 19: Guaranteed and overall standards of performance

- 19.1 The Licensee shall conduct all the Businesses in the manner that it reasonable considers appropriate to achieve the guaranteed and overall standards of performance proposed by the Licensee and approved by the Authority from time to time.
- 19.2 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.
- 19.3 This Condition is without prejudice to Condition 15.

Condition 20: Licensee Capabilities

The Licensee shall ensure that it retains, maintains and develops, for the duration of the Licence, the technical capabilities, personnel and financial capability necessary for the undertaking of its Licensed Activities in accordance with the Sector Law and the terms of this Licence.

Condition 21: Water Quality Standards

- 21.1 The licensee shall comply with Water quality standards as determined by the Authority or any standards or codes or any regulation or guidelines.
- 21.2 The Licensee shall monitor, verify and report to the Authority on an ongoing basis the compliance with the Water Quality Standards.

Condition 22: Suspension and Revocation

- 22.1 Without prejudice to the its right to suspend or revoke this Licence if the public interest requites so, the Authority may at any time revoke this Licence by not less than 30 days' prior 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 undertake 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 9 is unpaid for 30 days after it has become due and remains unpaid for a period of 30 days after the Authority has given the Licensee notice that the payment is overdue;
 - (d) if the Licensee fails to perform any of its Licence duties or statutory duties, or found in breach of the provisions of the Law, the conditions of the Licence or the regulations, the decisions or the directives issued pursuant to the provisions of the Law;
 - (e) if the Licensee has been adjudicated Insolvent;
 - (f) on expiry of the duration of the existence of the Licensee as specified in its constitutional documentation;
 - (g) 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 consideration 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;
 - (h) 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 in violation of the Sector Law;
 - (i) if the Licensee fails, on a persistent or systematic basis, to comply with Dispatch instructions causing an adverse effect on the efficiency of the water system operation;
 - (j) on the dissolution of the Licensee; or
 - (k) on the termination of the WPA due to the default of the Licensee.

- 22.2 For the purpose of paragraph 22.1(g) of this Condition, 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. However, no change of Control shall occur if (1) a person acquires Control of the Licensee as a result of the acquisition of shares in the Licensee at the Muscat Securities Market or (2) lenders exercise any security rights they have in respect of shares in the Licensee so as to step in and assume Control of the Licensee provided, however, that a disposal of shares to a third party who assumes Control of the Licensee shall require the approval of the Authority, such approval not to be unreasonably withheld or delayed in the circumstances.
- 22.3 The Authority shall give to the Licensee not less than fifteen (15) days to respond to the notice to suspend or revoke the Licence and shall consider any responses received. Where responses are made but the Authority remains satisfied that one or more of the circumstances in paragraph 22.1 applies and that it should suspend or revoke this Licence, it shall confirm this to the Licensee, and the suspension or revocation shall take effect at the end of the thirty (30) days period specified in paragraph 22.1.

Mansoor bin Talib Al Hinai
Chairman of the Authority for Public Services Regulation
On behalf of the Authority for Public Services Regulation

25 January 2024

SCHEDULE 1 - PRODUCTION FACILITIES

- 1) The Production Facilities comprise 5 Reverse Osmosis Desalination units as per the details provided in Schedule 2 of the Licence Application form.
- 2) The maximum installed capacity of the Production Facilities is (100,000 m³/ day).
- 3) The Production Facilities are located in the Capital Region of Barka in the Al Batinah South Region.

**Chairman of Authority for Public Services Regulation
On Behalf of the Authority For Public Service Regulation**

25 January 2024