



هيئة تنظيم الخدمات العامة
Authority for Public Services Regulation

مستقبل بثقة
Moving Forward
with Confidence



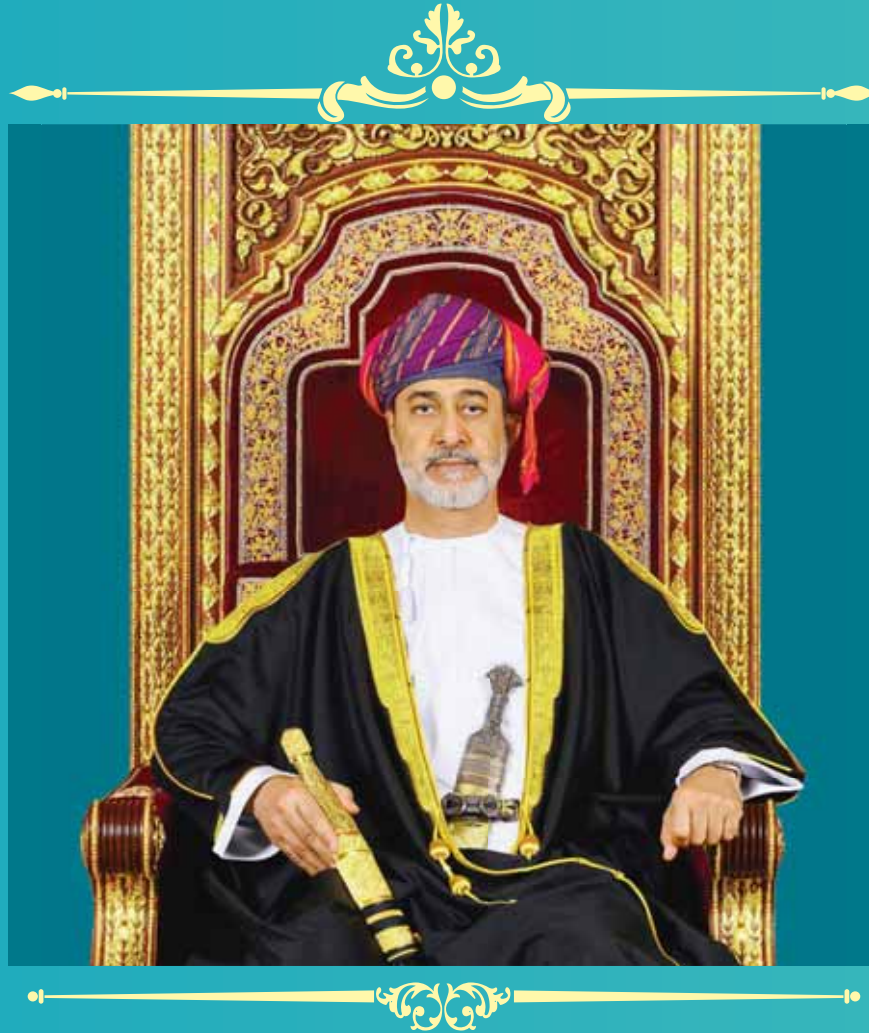
2020

Annual Report





هيئة تنظيم الخدمات العامة
Authority for Public Services Regulation



His Majesty Sultan
Haitham Bin Tariq Al Said



Nation building and development are a public responsibility that requires the commitment of all, without exempting any one from their role, in their respective specialties, and within their capabilities. Oman has been founded, and its civilization has been established through the sacrifices of its people who used their utmost in preserving its dignity and strength, exhibiting their loyalty in performing their national duties and advancing national interests to personal interests. This is what we are resolved to consolidate and protect, so that we could attain the level of development that we aspire for, the prosperity which we will work to realize and the decency that must prevail in all sectors and become firm grounds for all that we will do



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► Chairman of the Board Foreword

I have followed with pleasure the performance of the Authority for Public Services Regulation during the year 2020, which witnessed many signposts, whether at the local or global level. The name of the Authority has been amended pursuant to Royal Decree No. 78/2020 to the Authority for Public Services Regulation, augmented by the powers of regulating the transportation of natural gas in addition to electricity in order to achieve the sublime aspirations and subsequent efforts to restructure the State's administrative apparatus. Moreover, the mandates of regulating water and sewage sector activities were subsequently added under the Royal Decree No. 131 /2020.

The year 2020 witnessed the announcement of the Tariffs reforms

initiative by the Government, with the objective of achieving the financial stability and sustainability for the Sultanate. For the optimum outcomes of the initiatives, the Authority have supervised the sector's readiness, while taking into account customers awareness enhancement.

As the Government stresses the importance of working towards achieving the goals of Oman Vision 2040 with full determination; specifically, to achieve the objectives of economic diversification and to overcome the economic implications, the Authority has developed its strategic plans, aligning it with the Oman Vision 2040 and the tenth five-year plan that emanates from it. The Authority's main objectives for 2021 to 2025 are:

- ◆ Shaping the environment;
- ◆ Driving efficiency, high quality and available services and sustainability; and
- ◆ Attracting investment.

The main drivers of independent regulation and its benefits to the Sultanate have also been identified, as well as the Authority's objectives for regulating the related sectors, along with highlighting the most important challenges expected to confront the Authority and the priority actions related to performance evaluation criteria over the next five years.

The Authority intends to continue its path in 2021 to achieve the highest levels of operational efficiency in its related sectors in order to achieve the requirements of sustainable development and raise the level of quality of services provided to consumers within a regulatory framework that maintains the interests of the concerned parties in the Sultanate.

In this regard, I would like to extend my sincere thanks to His Excellency the Chairman of the Authority and its employees for their diligent efforts during the past period and the resulting achievements, asking Allah, the Almighty, to make further achievements, progress and growth to achieve the aspirations of the Sultanate and the wise leadership in the next phase.

H.E. Dr. Mohammed Bin Hamad Al-Rumhi
Chairman of the Board





► Chairman's Foreword

It is with great pleasure that I present the 2020 Annual Report on behalf of the Authority for Public Services Regulation. It is a year that has witnessed lots of challenges that required setting a strategy for the Authority that enables the development of regulated sectors and enhancement of efficiency while maintaining the highest standards of service. It was on the top of our priorities to enhance Omanization levels and offer more opportunities to Small and Medium Enterprises (SME's) and attracting Foreign Direct Investment (FDI's).

The year 2020 examined a high growth in water demand and decrease in electricity demand due to the crisis of COVID-19 that the Sultanate and the world were exposed to, with the main highlights of the year including:

1. The number of electricity customer accounts in the Sultanate increased by 38,510 or 3,0%, from 1,274,822 in 2019 to 1,313,332 in 2020. Residential customers accounted for 74% of the increase in accounts. Since the 2005 market restructuring, the number of electricity accounts has increased by 747,027, or 147%.
2. Electricity Supply in 2019 reached 33.0 TWh, 2.3% lower than in 2019 and 247% higher than in 2005.
3. The Authority's measure of electricity intensity (MWh per account) reached 25.1 in 2020, lower than 2019 by 5.1% and 40.3% higher than in 2005. Increasing intensity is an important driver of electricity demand and has implications

- for costs and subsidies. If the 1,313,332 registered accounts in 2020 had the same average intensity as in 2005, electricity supply in 2020 would have been 29%, or 9.4 TWh lower with corresponding reductions in costs and subsidies.
4. Sector gas use decreased by 4.2% in 2020, compared to decrease of 1.7% in electricity and increase of 7.0% in water production respectively. (excluding RAEC Production Facilities).
 5. The actual data of the supplied units and units included in the electricity network in the Sultanate in 2020 which represent approximately 90% of the total supply to Sultanate -indicated in MIS losses, reaching (9.8%) while the Dhofar Power losses were (15.9%) in 2020, compared to (10.6%) in 2019. REACE losses were (4.7%) in 2020, compared to (15.1%) in 2019.
 6. In 2020, direct employment was 2% higher than in 2019. Indirect employment in 2020 was 20% higher than the previous year. Omani nationals accounted for 94% of direct employment in 2020 and for 63% of indirect employment, contributing to a sector Omanisation rate of 71%.
 7. The Authority received 73 new customer complaints and resolved 75 outstanding customer complaints.
 8. The electricity sector benefited from OMR 582.9 million of support from the Ministry of Finance in 2020: OMR 443.8 million being Main Interconnected System subsidy, OMR 47.4 million for a Dhofar Power System subsidy and OMR 91.6 million as Rural Areas Electricity Company subsidy.
 9. Electricity licensees approved 317 electricity related projects in 2020 with a total value of OMR 437 million. These projects will support the provision of electricity services in all of the Sultanate's regions.
 10. The cost of regulating the electricity and related water sector in 2020 was around OMR 4,1 per customer account, less than 10 baiza per kWh supplied and around 0.25% of total electricity and related water sector turnover, metrics we believe compare favorably to international benchmarks of regulatory costs.

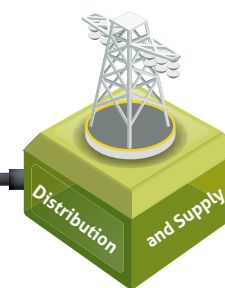
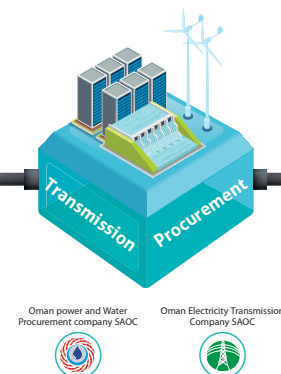
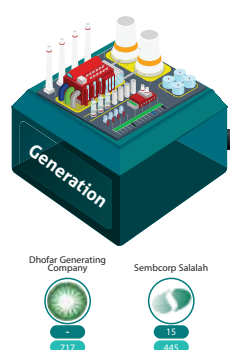
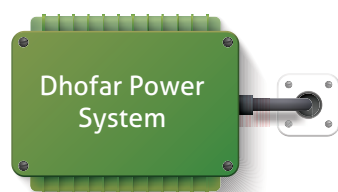
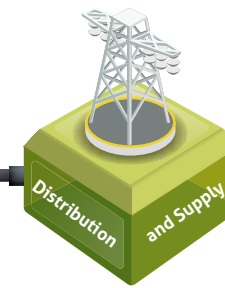
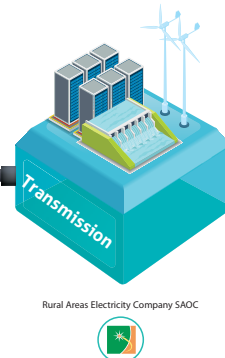
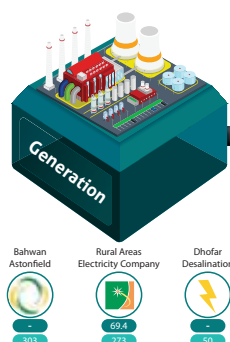
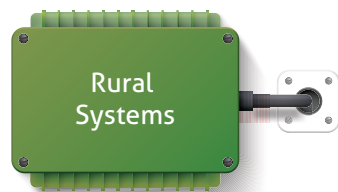
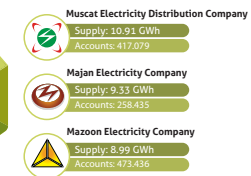
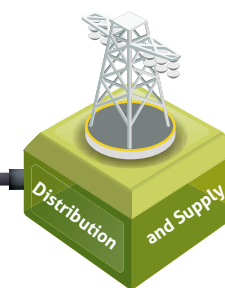
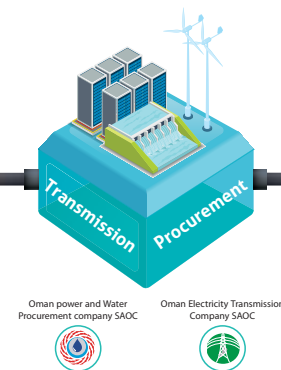
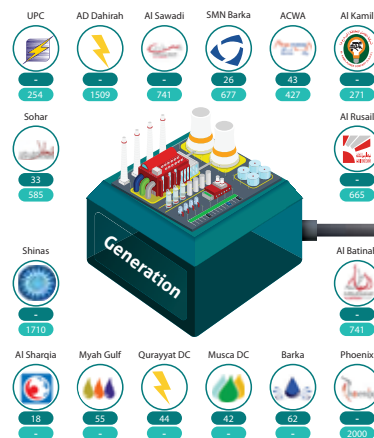
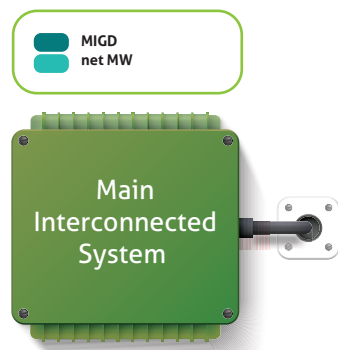
Mansoor bin Talib bin Ali Al Hinai
Chairman of the Authority



► Electricity and Water Sector Market Structure

- 
 شركة كهرباء المناطق الريفية ش.م.ع.ر.
 Rural Areas Electricity Company SAOC
- 
 شركة كهرباء مزون ش.م.ع.م.
 Mazoon Electricity Company SAOC
- 
 شركة كهرباء مجان ش.م.ع.م.
 Majan Electricity Company SAOC
- 
 شركة مسقط لتوزيع الكهرباء ش.م.ع.م.
 Muscat Electricity Distribution Company SAOC
- 
 شركة ظفار للطاقة ش.م.ع.م.
 Dhofar Power Company SAOC







The background of the slide features a photograph of a city street scene. In the foreground, there are white buildings with arched windows and a green tree. In the background, there are dark, rugged mountains under a clear sky. The image is partially obscured by large, overlapping geometric shapes in shades of blue and teal, which frame the title text.

Chapter One: Authority in Brief



► Introduction to the Authority:

The Authority was established in 2004 pursuant to Article (19) of the Electricity and Water Sector Privatization and Regulation Law promulgated by Royal Decree 78/2004, dated 1st August 2004. Under the Royal Decree No. 78/2020, the Authority title has been modified to the Authority for Public Services Regulation, as it has been assigned additional responsibilities, in addition to the electricity sector regulation. The Authority was mandated to start regulating the activity of natural gas transportation, and water and wastewater sector activities pursuant to Royal Decree 131/2020. The Authority has legal personality and it maintain financial and administrative independence.



► Vision:

The Authority aims to ensure access to safe and highly efficient public services in the Sultanate. In doing so, the Authority aims to balance between the interests of customers, the government and investors, and to be recognized as the most professional and transparent regulatory authority in the region. Furthermore, the Authority works on the following:

- ◆ Protecting the safety of the public and employees;
- ◆ Promoting fair competition where possible and ensuring non-discrimination;
- ◆ Ensuring operator's capability to finance their businesses efficiently; and
- ◆ Ensuring long-term operational and investment efficiency.



► Mission:

The Authority's key message is to safeguard the interests of the three stakeholders, namely:

- ◆ Interests of electricity customers: by ensuring the provision of services to them across the Sultanate and taking into consideration the sick, the elderly, the low-income population, and customers in rural areas by preparing and implementing a set of different rules and practices to suit their needs.
- ◆ Interest of electricity sector companies: by facilitating the privatization and liberalization of the electricity sector, safe and economic development and operation, and ensuring fair and transparent competition by the Oman Power and Water Procurement Company.
- ◆ Interest of the government: by providing consultations and studies to ministries and local institutions, adhering to government policies and ensuring their implementation, and ensuring environmental protection.



► Board of Directors

The Authority enjoys an administrative and financial independence subject to State Audit Law by Article (19) of the Sector Law. The Authority is competent to regulate the electricity and related water sector pursuant to Article (2) of the Sector Law. During 2020, the Authority's duties and functions has changed and new responsibilities were assigned to it. The Authority's Board of Directors is now chaired by His Excellency the Minister of Energy and Minerals. The board memberships include four government senior officials representing the Ministry of Finance, the Ministry of Commerce, Industry and Investment Promotion, and the Ministry of Housing and Urban Planning.

Authority Board of Directors are appointed by the Council of Ministers for three year terms.

The Authority's board of directors includes the following members:



His Excellency
**Dr. Mohammed bin Hamad
Al Rumhi**
Minister of Energy and Minerals
Board Chairman



Her Excellency
Asila bint Salim Al Samsami
Undersecretary of the Ministry
of Commerce, Industry and
Investment Promotion for
Investment Promotion
Board Member



His Excellency
Dr. Mohammed bin Ali Al Mutawa
Undersecretary of the Ministry
of Housing and Urban Planning
for Urban Planning
Board Member



His Excellency
Abdullah Salim Al Harthy
Undersecretary of the Ministry
of Finance
Board Member



► Members from January to April 2020



**Eng. Saleh bin Hamood
Al Rashdi**
Chairman and Non-Executive
Member
(A part time appointment)



Qais bin Saud Al Zakwani
Executive Director and
Member
(A full time appointment)



Mohammed bin Ahmed Al Shahri
Non-Executive Member
(A part time appointment)



Ayisha bint Zaher Al Mawali
Non-Executive Member
(A part time appointment)



Eng Hamed Ali Matar Al Jabri
Non-Executive Member
(A part time appointment)



► Members from May to September 2020



Ayisha bint Zaher Al Mawali
Chairman and Non-Executive
Member
(A part time appointment)



Qais bin Saud Al Zakwani
Executive Director and Member
(A full time appointment)



Eng Ali bin Said Al Hadabi
Non-Executive Member
(A part time appointment)



► Board Meetings in 2020

► Members Meetings in 2020

					
	Eng Saleh Al Rashdi	Qais Al Zakwani	Ayisha Al Mawali	Mohammed Al Shahri	Eng Hamad Al Jabri
Meeting Dates	Chairman & Member May 2017	Executive Director & Member May 2017	Member May 2017	Member May 2017	Member March 2018
22 Jan 2020	✓	✓		✓	✓
18 Mar 2020	✓	✓	✓		✓
28 Apr 2020	✓		✓		✓

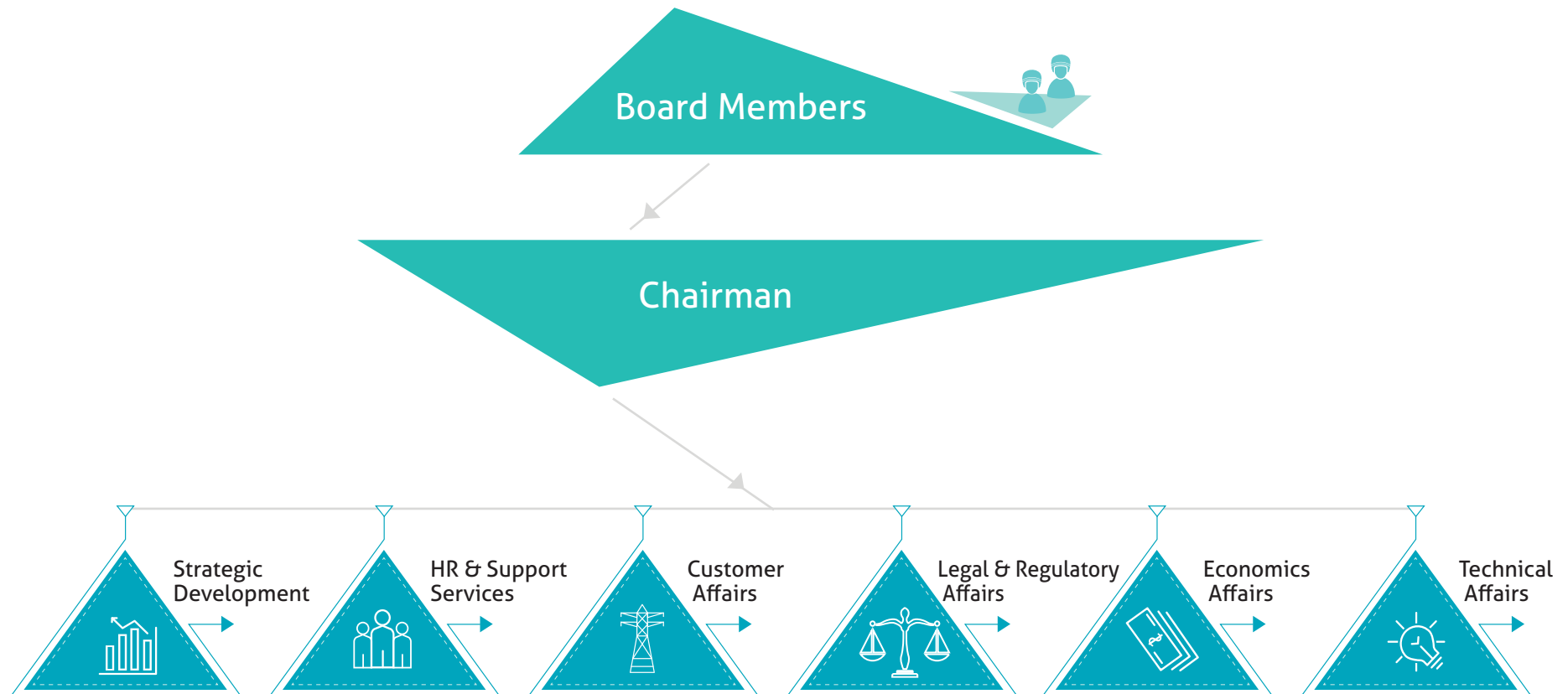
			
	Ayisha Al Mawali	Qais Al Zakwani	Eng Ali Al Hadabi
Meeting Dates	Chairman & Member May 2020	Executive Director & Member May 2020	Member May 2020
19 May 2020	✓	✓	✓
6 Jul 2020	✓	✓	✓

► Board Meetings in 2020

					
	H.E. Mohammed Al Rumhy	H.E. Asila Al Samsami		H.E. Abdullah Al Harthi	H.E. Dr. Mohammed Al Muttawa
Meeting Dates	Chairman September 2020	Board Member September 2020	Meeting Dates	Member September 2020	Member September 2020
28 October 2020	✓	✓	28 October 2020	✓	✓



► Authority Organizational Structure:





► Strategic Plan 2021- 2025

The Government of Oman has recently launched Vision 2040 that sets out a clear and transparent strategy for national transformation. To achieve this goal Vision 2040 sets out a series of strategic directions, objectives and performance indicators that, in so far as they are relevant to their areas of responsibility, the Authority have set out its five-year-plan with determinants derived from Oman 2040.

As the remit of the APSR expands further, it will be important to ensure that its remit in other areas is consistent with the core duties and functions set for the Authority for the electricity, related water and gas transportation sectors, as well as with His Majesty's vision to reshape and diversify Omani society whilst ensuring a fair distribution geographically and protecting the environment.

We identified the core objectives for all our activities:

- ◆ to ensure efficiency of operation and of investments in relation to long-term assets;
- ◆ to ensure the security and availability of the regulated services;
- ◆ to ensure the ability of operators to finance their business (efficiently);
- ◆ to protect the public and staff in terms of safety;
- ◆ to promote (fair) competition where practicable and to ensure non-discrimination; and
- ◆ to protect the interests of certain customers, in accordance with stated public policy objectives relevant to each regulated sector.

The Authority's strategic goals for the period 2021-2025 are as set out below. The specific steps we will take towards the achievement of these strategic goals during 2021 are set out in our statutory Forward Work Programme on annual basis as shown in Annex C for the year 2021

- ◆ Shaping the environment in which we operate.
- ◆ Driving efficient, accessible and high quality public services and working towards sustainability.
- ◆ Attracting investment.

We believe that it is our obligation to ensure that the current market structure offers the maximum clarity to licenses and potential investors while maintaining the fundamentals of best regulatory practices. We have set the three strategic objectives to ensure that the policies set by the respective government policy bodies for each sector is clear to the extent that enables us to set regulatory frameworks that enable licensees to perform their duties. It was clear to us that the efficiency, the quality of services and sustainability are core measures that will enable development of regulated sectors. The ultimate goal of all of those strategic objectives is to ensure that services offered is efficient and meets the quality standards that customers aim to. It crucial from our point of view to get participation from private sectors and to attract foreign investors from all over the world to assist in the development of sectors being regulated. We aim through our strategy to attract more investments through privatization and investment opportunities that enhance the positioning of the regulated sectors as investment destination in the region and globally. Such strategic objectives will positively impact the job creation and the Omanization through transfer of knowledge and high quality on job training. It will also help in creating opportunities for the SME sector to support more and more investments being established in the Sultanate.



► Authority Initiatives 2020

► The National Renewable Energy Initiative (SAHIM)

The Authority for Public Services Regulation (formerly the Authority for Electricity Regulation) launched the Sahim initiative in March 2017. The Authority established a regulatory framework allowing households and business to install grid connected PV systems at their own cost. The initiative aims to:

- ◆ Encourage electricity customers to take advantage of solar panel technology for self-generation and reduce their dependence on the grid;
- ◆ Reduce dependence on traditional fossil fuels and allow these resources to be utilised in other industries which will benefit the national economy;
- ◆ Reduce future investment required for electricity transmission and distribution systems and centrally dispatched production facilities.;
- ◆ Reduce overall electricity subsidies in the residential sector;
- ◆ Promote the utilization of clean energy, particularly solar PV; and
- ◆ Reducing the carbon footprint and harmful emissions.

The initiative included two different phases, as follows:

Phase (1):

- ◆ The first phase of the initiative started with the development of regulations that include standards for the technical requirements and the procedures that must be taken to install solar panels on the roofs of buildings and facilities.
- ◆ This phase allowed all customers to install solar panels on their premises to consume self-produced energy and sell any surplus to the grid based on the Bulk Supply Tariff.

- ◆ The Authority for Public Services Regulation (formerly the Authority for Electricity Regulation) has coordinated with all relevant Ministries and Authorities to facilitate the required approvals for installing solar panels according to the regulations and standards; As well as, continuous coordination with small and medium enterprises and the Distribution Code Review Panel to register and license companies specializing in installing and operating solar energy systems in buildings and facilities.
- ◆ The Authority supported a training program for a number of engineers working in distribution companies in order to build capacities and competencies and to review and approve requests for connecting solar panels systems to the grid.
- ◆ As a result of the efforts made since the launch of the initiative in mid2017-, more than (30) companies specialized in the works of installing and operating solar panels have been approved and licensed.
- ◆ In addition, more than (100~) requests for installing solar panel systems were received, with a total production capacity of about 45 MW, according to the following table:

The Destitution of Requests of DECO'S

Customers / Company category	Muscat	Mazoon	Majan	Dhofar	Total
Governmental	11	10	7	2	30
Residential	41	10			51
Industrial			4	1	5
Commercial	28	13	3	1	45
Total					131

- ◆ The Authority for Public Services Regulation (formerly the Authority for Electricity Regulation) launched the second phase of Sahim aimed at residential customers with the aim of creating an incentive framework. Noting that the residential customers consume 45% of the total electricity in the Sultanate and receive 80% of the total government subsidy provided to the electricity sector.
- ◆ The second phase aims to install solar systems to cover (10% to 30%) of residential buildings in the Sultanate with a capacity of (10-3 kilowatts) for each system.
- ◆ The Authority managed to set up mechanisms to provide the necessary funding for installing solar panels, in cooperation with the private sector.
- ◆ The cost recovery mechanism for the private developers will be attained through long-term contracts with licensed electricity supply companies, with participating customers required to pay a small financial contribution based on the expected electricity bills savings.
- ◆ The Authority, in cooperation with specialized consultants, have developed a draft framework that defines the foundations and principles necessary for planning, implementing and developing the technical and financial models for the SAHIM initiative for residential buildings along with the role and responsibilities of all the parties involved.
- ◆ Moreover, the Authority has also contracted with a specialized company to monitor the installation and commissioning of the systems as well as monitor the energy output.
- ◆ The first phase of the initiative will be limited to Muscat, where the Authority has allowed interested customers to register using the Sahim mobile application.
- ◆ Since then, the Authority has received almost 1500 applications, with more than 500 applications (residential buildings) being selected and qualified for inclusion in the first phase of the initiative.
- ◆ The Authority aims to launch the first tender under the umbrella of SAHIM project for residential buildings before the end of this year (2021).

► SAHIM Initiative for government buildings:

Based on the proposal submitted by the National Financial Balance Program, the Authority was mandated to circulate the participation of government accounts - for which the cost-reflexive tariff was applied - in the National Solar Energy Initiative "SAHIM" with the objective to generate (15%) of government buildings' electricity using solar energy. The Authority proposed a number of government buildings to be included in a single tender and allow private developers to compete for financing, installing and operating solar systems, instead of the government bearing the large upfront costs.

The Authority decided, after agreement with the earlier Supreme Council for Planning, to merge this project with the Government Buildings Auditing and Retrofitting Program Initiative, as they both aim to serve the same buildings and utilize the same contractual framework.

► Electrical connections for drinking water refrigerators

During the first quarter of 2020, the Authority, in collaboration with the electricity sector's distribution companies, has initiated an -awareness campaign to raise awareness on how to help customers avert electrocution caused by wrong electrical connections of water drinking refrigerators... The refrigerators, installed in buildings, may cause electrocution if they do not meet the maximum safety levels and if they do not meet the Omani electricity specifications and electrical connections safety standards. The campaign stressed on the importance of adhering to the electrical connections safety standards to help ensure keeping children and the public safe from such dangers. Furthermore, the campaign emphasizes on the necessity to check the refrigerators' connections, and to make sure that they meet the required safety conditions; most importantly is to have a protection device that prevents earth electricity leakage (residual-current device (RCD)) or to disconnect the refrigerator's power until securing the provision of electrical safety requirements.

Since these water drinking refrigerators are installed in different public places; such as, schools, sports clubs, mosques and hospitals, the Authority took the initiative of contacting the concerned entities and governmental bodies, by which those facilities are related, to encourage them to ensure their water drinking refrigerators are meeting the safety standards.



► Further Market Liberalisation

The following table presents the Authority's assessment of the possible implementation of the four liberalization measures identified in the Sector Law

Authority's assessment of liberalization measures identified in the Sector Law

Liberalisation Measure	Authority's assessment of market readiness
1.Disposal of the government's interest in the Electricity Holding Company SAOC or the Oman	<p>The Authority continues to support the government's decision to dispose of a proportion of its interest in the subsidiaries of the Electricity Holding Company.</p> <p>The Authority continues to support the disposal of assets owned by the government, through the Electricity Holding Company, in both the transmission and the distribution and supply licensees. The Authority endorsed the sales of %49 of the shares in the Oman Electricity Transmission Company to State Grid International Development as part of the government proportional disposal of its assets. The Authority continues to work closely with the Electricity Holding Company on the privatization of Muscat Electricity Distribution Company. Further disposal of the government interest in the Electricity Holding Company SAOC or the Oman Power and Water Procurement Company is not ready at the current stage and will be re-assessed in the coming years.</p>
2.Permitting licensed production facilities to sell to entities other than Oman Power and Water Procurement Company SAOC	<p>The Authority believes the market is ready for this liberalization measure and will undertake revision of the legal and regulatory framework to enable the liberalization measure.</p> <p>In 2020 the Authority continued reviewing the potential for allowing direct sales of power between Generation Licensee or Exemption holders and end users (Customers), and considered this measure ready for implementation subject to the government's approval.</p> <p>Communication with different stakeholders took place whereby a positive feedback was received from different market players who showed interest to explore the potential for bilateral agreements further</p> <p>The Authority has decided to start a project on implementing the possibility for direct sales of power. Direct Sales are a means of introducing competition for access to eligible customers – typically the largest customers. In Oman these would be all or some subset of the existing CRT customers.</p> <p>There are technical aspects of direct sales – mainly to ensure that physical connections, dispatch implications, and metering data and settlement implications are all catered for. However, there are also complex commercial and economic implications related to the price signals that direct sales proponents and eligible customers perceive.</p> <p>Accordingly, the project execution will be in phases, whereby a continual assessment will be taken throughout the project to ensure the economic feasibility and fulfillment of the regulatory and technical requirements. The Authority will accordingly publish its directives when appropriate, including further actions required to efficiently liberalize the market.</p>

Liberalisation Measure	Authority's assessment of market readiness
	<p>Direct sales could be achieved either through the whole sale market, or otherwise (for example, through system access arrangements). Through the whole sale (spot market mechanism), such an arrangement could be supported by separate financial contracts designed to hedge potential volatility in spot market prices. These are complex matters that require prudent consideration as it is essential to continue the allocation of less utilised generation capacity costs fairly. This plays a role in ensuring both the security of supply for the whole system and that the costs relating to the transmission system, which is designed and operated as an integrated network, benefits all users.</p> <p>The exact form of direct sales arrangements will be developed with consideration of the complex factors that will be assessed in the first phase of the proposed program, shaping and scaling up the outcomes of the second phase. The Authority intends to carefully implement this policy change and discuss potential options and implementation measures with concerned stakeholders. This would be done with careful monitoring of the policy and techno-economic background which continues to evolve rapidly.</p>
<p>3. Permitting entities other than Oman Power and Water Procurement Company SAOC and the Rural Areas Electricity Company SAOC to import or export electricity to or from another country</p>	<p>The Authority does not consider the market ready for this liberalisation measure.</p> <p>Oman became a formal signatory to the Gulf Cooperation Council Interconnectivity Authority (GCCIA) in 2014. Since then, the Authority has ensured all proposals are consistent with the regulatory regime in Oman and provides safeguards to protect the interests of customers and other stakeholders.</p>
<p>4. Creation of competition amongst licensed suppliers</p>	<p>The Authority believes the market is progressing toward readiness for supply competition.</p> <p>Throughout 2020 the Authority continued to review the potential for competition amongst licensed suppliers in Oman's market as it continues to believe it is both feasible and desirable. However, there are still considerations which impact the implementation of price competition that needs to be addressed prior to the establishment of the supply competition such as:</p> <ul style="list-style-type: none"> ◆ Continuous application of uniform tariffs. ◆ Nascent wholesale market development. ◆ Constrained metering capability. ◆ The required process & timeframe to shift amongst licensed suppliers. <p>The Authority also notes that there are enabling measures that need to be taken for such liberalization to materialise, such as the first steps toward privatisation, rollout of metering reforms, and restructuring of tariffs. Additional requirements from Electricity suppliers need to be developed in order to facilitate switching between different suppliers. The Authority will continue to monitor the potential nature and form of existing barriers and measures for deciding on the optimum timing for introducing supply competition. The Authority intends to re-assess the readiness of supply competition in 2022.</p>





Chapter Two:

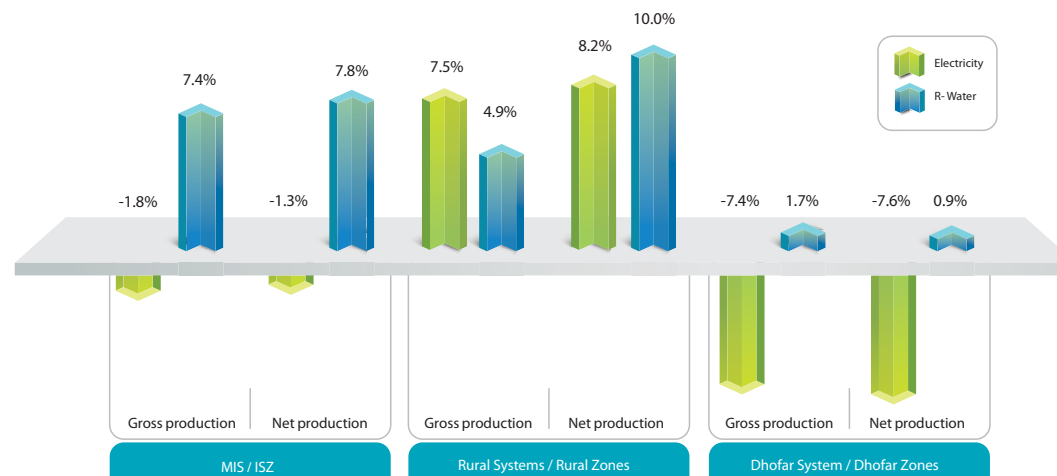
Electricity and Water Sector Statistics 2020



► Production

► Electricity and Water Production: 2019 & 2020

In 2020 gross electricity production of 38.0 TWh was 2.0 % lower than in 2019. The 36.7 TWh of net electricity generation (including PWP and RAEC purchases from other sources) was 1.6% lower than in 2019. Gross and net water production increased by 7.0% and 7.4% respectively (to 374.2 million m³ and 370.5 million m³). Please refer to the figure below and to of Annex B for further details.



Electricity and Water Production: 2019 & 2020

System	Item	Electricity GWh			Water '000 m3		
		2019	2020	% change	2019	2020	% change
Main Interconnected System and Sharqiyah Zones	Gross production	34.073	33.469	-1.8%	322.851	346.848	7.4%
	Net production	32.813	32.401	-1.3%	318.657	343.657	7.8%
Rural Systems / Rural Zones	Gross production	1.121	1.205	7.5%	1.831	1.921	4.9%
	Net production	1.088	1.174	7.9%	1.699	1.869	10.0%
Dhofar System / Dhofar Zones	Gross production	3.640	3.371	-7.4%	24.990	25.405	1.7%
	Net production	3.417	3.157	-7.6%	24.739	24.951	0.9%
Total Oman	Gross production	38.834	38.045	-2.0%	349.671	374.173	7.0%
	Net production	37.318	36.732	-1.6%	345.096	370.476	7.4%

♦ Source: Company returns

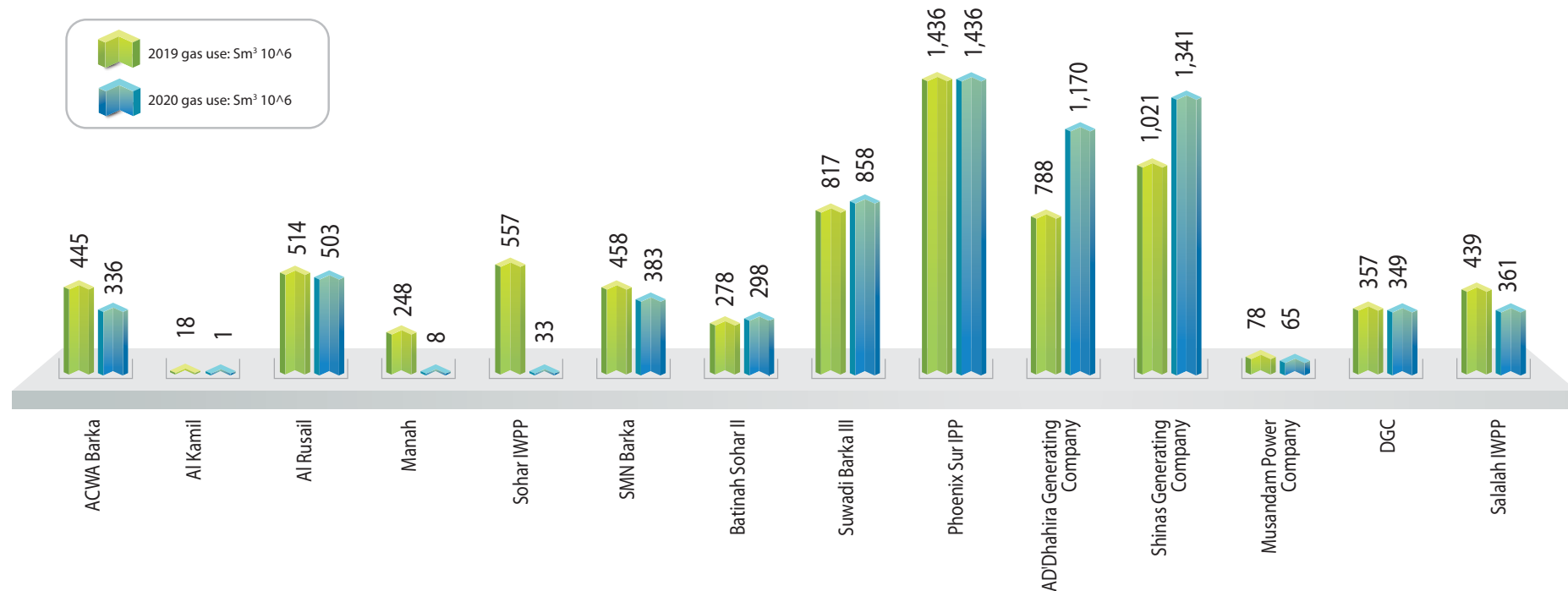
MIS net generation was 1.3% lower in 2020 than 2019, Rural Systems was 7.9% higher and generation for the Dhofar Power System was 7.6% lower. The net desalinated water production in the Interconnected and Sharqiyah Zones (ISZ) increased by 7.8% in 2020 which accounted for 98% of the increase in total desalinated water production in 2020. Net water production in Rural Zones increased by 10.0% in 2020 while that in Dhofar Zone increased by 0.9%.

ERWS Fuel Use in 2020 (National Gas)

As shown in Figure 2 below the electricity and related water sector consumed 4.2% less gas in 2020 than 2019, compared to decrease of 1.7% in electricity and increase of 7.0% in water production respectively (excluding RAEC Production Facilities).

The specific gas consumption of MIS connected facilities fell to 192 Sm³/MWh in 2020 from 198 Sm³/MWh in 2019 (a 2.1% reduction), and was 46% lower than in 2005

Gas Consumption at Major Production Facilities: 2019 & 2020



Production Facility:	ACWA Barka	Al Kamil	Al Rusail	Manah	Sohar IWPP	SMN Barka	Batinah Sohar II	Suwadi Barka III	Phoenix Sur IPP	AD'Dhahira Generating Company	Shinas Generating Company	Musandam Power Company	DGC	Salalah IWPP	MuscatCity IWP**	harqiyah Sur IWP**	Qurayyat Desalination SAOC	Barka Desalination Company	Myah Gulf Desalination Compnay	Total
Fuel	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas	Gas				Gas	Gas						Gas
2019 gas use: Sm3 10^6	445	18	514	248	557	458	278	817	1,436	788	1,021	78	357	439						7,453
2020 gas use: Sm3 10^6	336	1	503	8	33	383	298	858	1,436	1,170	1,341	65	349	361						7,143
% of total 2020 gas use	5%	0%	7%	0%	0%	5%	4%	12%	20%	16%	19%	1%		5%						100%
% change in gas use	-24.5%	-95.6%	-2.1%	-96.9%	-94.1%	-16.4%	7.3%	5.1%	0.0%	48.5%	31.3%	-	-							-4.2%
% change in Gross Electricity and Gross Water Output: 2019 to 2020																				
Electricity	-24%	-96%	-3%	-97%	-95%	-10%	12%	8%	1%	12%	36%	-4%	3%	-16%						-1.7%
Water	18%				-97%	14%							2%		0%	0%	1%	16%	194%	7.0%

♦ Source: PWP & Company returns ♦ It is not include SEZAD's data.




► Supply and Customer Accounts

► Customer Accounts: 2019 and 2020

The number of registered electricity customer accounts in the Sultanate increased by 3.0% in 2020 from 1,274,882 in 2019 to 1,313,332. Growth in MIS accounts was 3.1% (89.5% of the increase in accounts, compared with 85.9% in 2019). Growth in DPC accounts was 2.5% (8.0% of the increase in accounts, compared with 11.0% in 2019). Growth in RAEC accounts was 2.5% (2.6% of the increase in accounts, compared with 3.1% in 2019) Please refer to the figure below and Annex B for precise account numbers.

Overall Mazoon continued to register the largest number of customer accounts in 2020 (473,436) comprising approximately 36% of total registered accounts, followed by MEDC (417,079) with around 31.8% of the share of total accounts. RAEC had 40,125 registered customer accounts (Excluding SEZAD) , which was around 3.1% of the total.

Registered Customer Accounts: 2019 and 2020


	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
							
2019 Accounts	406,274	250,800	457,428	1,114,502	39,130	121,190	1,274,822
2020 Accounts	417,079	258,435	473,436	1,148,950	40,125	124,257	1,313,332
net change in Accounts	10,805	7,635	16,008	34,448	995	3,067	38,510
% change in Accounts	2.7%	3.0%	3.5%	3.1%	2.5%	2.5%	3.0%

◆ Source: Company returns ◆ It is not include SEZAD's data.

Electricity Supply: 2019 and 2020

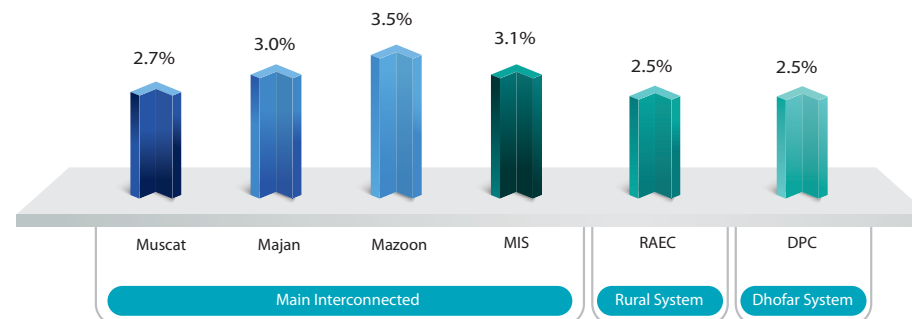
Total electricity supply in the Sultanate decreased by around 766 GWh in 2020 due to Covid19 Pandemic from 33,756 GWh in 2019 to 32,990 GWh, a decrease of 2.3% (compared with a 0.7% increase in 2019). This reflects The Sultanate and the whole world are exposed to the COVID-19 pandemic, which has had a major role in reducing the production of electricity in the Sultanate as a result of the lockdown decisions that occurred in 2020.

Electricity Supply (MWh) 2019 and 2020

	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
							
2019 MWh	11,507,193	9,313,628	8,797,948	29,618,769	1,061,625	3,075,685	33,756,079
2020 MWh	10,911,230	9,325,388	8,992,919	29,229,537	1,023,146	2,737,156	32,989,838
net change in MWh	-595,963	11,760	194,971	-389,232	-38,479	-338,529	-766,241
% change in MWh	-5.2%	0.1%	2.2%	-1.3%	-3.6%	-11.0%	-2.3%

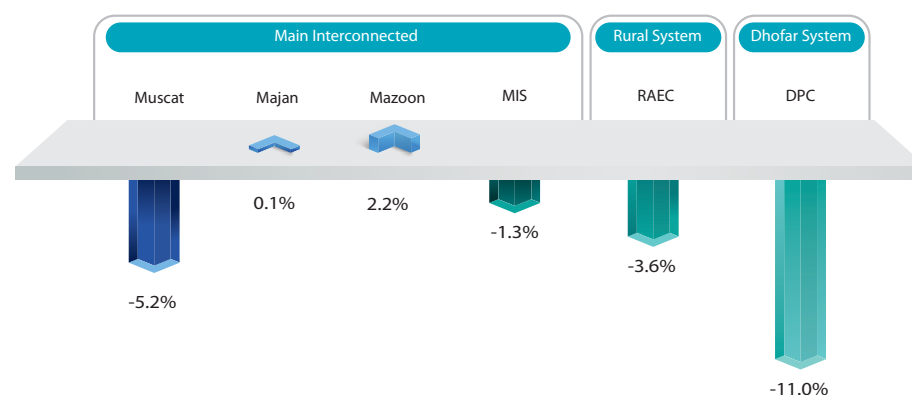
◆ Source: Company returns ◆ It is not include SEZAD's data.

% change in accounts : 2019 to 2020



As can be seen from Figure 4 below, despite the overall decrease of 2.3% across Oman, supply to the MIS decreased by 1.3% (or 389 GWh) compared with 2019. Geographically the picture was quite variable, with a 0.1% reduction in supply to Majan (which has a relatively high industrial load) and a 5.2% reduction in supply to Muscat, counterbalanced by a 2.2% increase in supply to Mazoon, a 3.6 % decrease in supply to RAEC and a 11.0% decrease in supply to DPC. Annex A sets out further details.

% change in MWh : 2019 to 2020



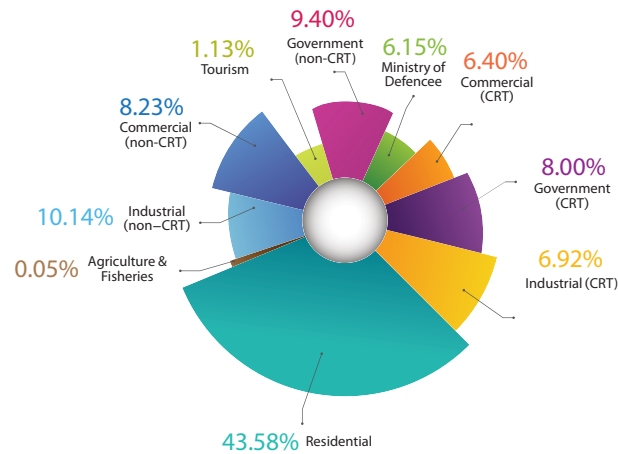
In volume terms the 10.9 TWh of supply from MEDC was the highest amongst the licensed suppliers, accounting for 33.1% of the total supply in Sultanate, followed by Majan (9.3 TWh) and Mazoon (9.0 TWh). Collectively, the MIS accounted for 88.6% of the total supply (compared with 87,6% in 2019) followed by DPC with 8.3% and RAEC with 3.1%.

Electricity Supply by Tariff Category & System - 2019 & 2020

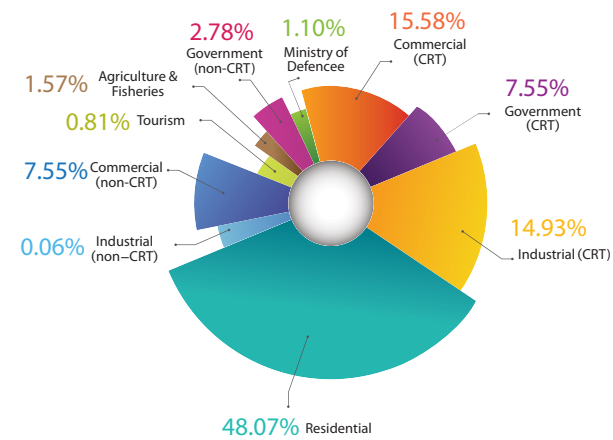
	Main Interconnected System			RAEC Rural Systems			Dhofar Power System			Oman		
Category	2019 MWh	2020 MWh	% Change	2019 MWh	2020 MWh	% Change	2019 MWh	2020 MWh	% Change	2019 MWh	2020 MWh	% Change
Agriculture & Fisheries	438,335	459,842	4.9%	91,011	103,767	14.0%	25,722	24,310	-5.5%	555,068	587,920	5.9%
Commercial (non-CRT)	2,547,142	2,206,809	-13.4%	91,293	84,189	-7.8%	307,159	211,914	-31.0%	2,945,594	2,502,912	-15.0%
Residential	13,316,183	14,050,560	5.5%	438,797	445,872	1.6%	1,291,628	1,128,045	-12.7%	15,046,607	15,624,478	3.8%
Government (non-CRT)	1,031,039	811,694	-21.3%	100,610	96,205	-4.4%	284,043	236,047	-16.9%	1,415,692	1,143,946	-19.2%
Industrial (non-CRT)	27,973	14,487	-48.2%	-190	497	-362.3%	480	2,021	320.7%	28,264	17,005	-39.8%
Ministry of Defense	330,967	322,396	-2.6%	41,322	62,906	52.2%	107,019	92,891	-13.2%	479,307	478,194	-0.2%
Tourism	320,085	237,369	-25.8%	27,391	11,607	-57.6%	47,160	45,213	-4.1%	394,635	294,188	-25.5%
Commercial (CRT)	4,696,350	4,555,384	-3.0%	50,330	65,492	30.1%	372,081	388,070	4.3%	5,118,761	5,008,946	-2.1%
Government (CRT)	2,451,287	2,207,318	-10.0%	117,309	81,809	-30.3%	152,649	136,650	-10.5%	2,721,245	2,425,777	-10.9%
Industrial (CRT)	4,459,407	4,363,676	-2.1%	103,752	70,801	-31.8%	487,746	471,995	-3.2%	5,050,905	4,906,472	-2.9%
Totals	29,618,769	29,229,537	-1.3%	1,061,625	1,023,146	-3.6%	3,075,685	2,737,156	-11.0%	33,756,079	32,989,838	-2.3%

♦ For more details, please refer to Annex A, Table2.

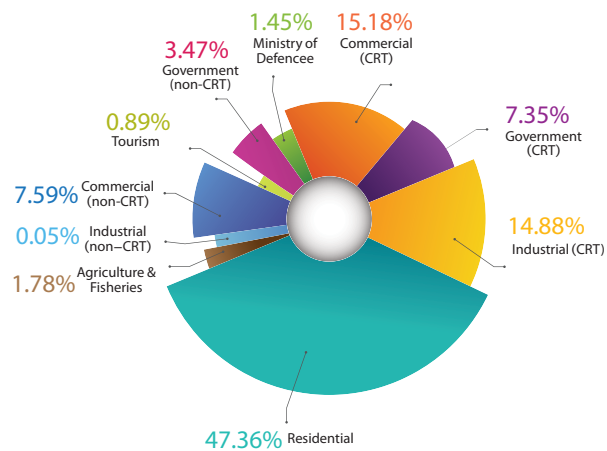
♦ It is not include SEZAD's data.



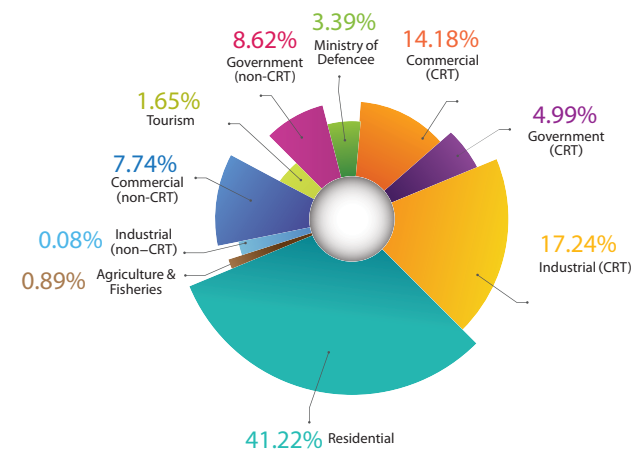
RAEC Systems
Supply by Tariff Category 2020



Main Interconnected System
Supply by Tariff Category 2020




Total Oman
Supply by Tariff Category 2020



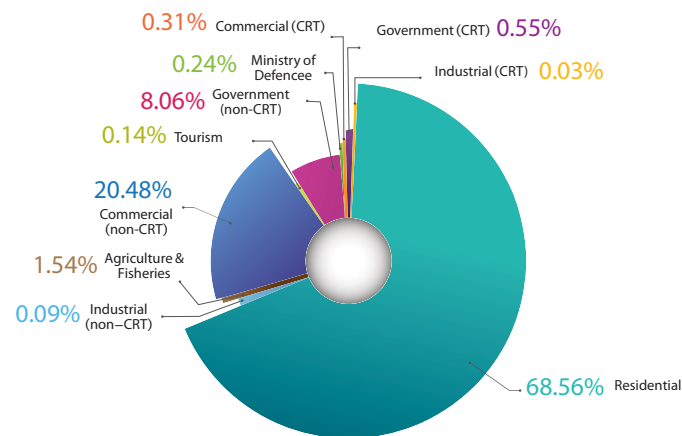
Dhofar Power Systems
Supply by Tariff Category 2020

Figure 6: Registered Customer Accounts by Tariff Category & System - 2019 & 2020

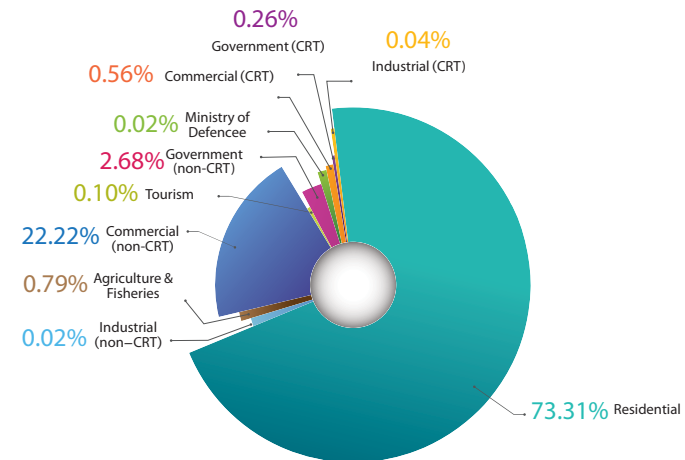
	Main Interconnected System			RAEC Rural Systems			Dhofar Power System			Oman		
Category	2019 Accounts	2020 Accounts	% Change	2019 Accounts	2020 Accounts	% Change	2019 Accounts	2020 Accounts	% Change	2019 Accounts	2020 Accounts	% Change
Agriculture & Fisheries	8,728	9,025	3.4%	592	617	4.2%	121	117	-3.3%	9,441	9,759	3.4%
Commercial (non-CRT)	245,713	255,322	3.9%	7,838	8,218	4.8%	21,512	22,193	3.2%	275,063	285,733	3.9%
Residential	818,781	842,287	2.9%	26,894	27,510	2.3%	93,100	95,799	2.9%	938,775	965,596	2.9%
Government (non-CRT)	29,787	30,757	3.3%	3,337	3,234	-3.1%	4,959	4,457	-10.1%	38,083	38,448	1.0%
Industrial (non-CRT)	406	407	0.2%	33	35	6.1%	10	13	30.0%	449	455	1.3%
Ministry of Defense	280	208	-25.7%	81	96	18.5%	130	131	0.8%	491	435	-11.4%
Tourism	1,043	1,143	9.6%	54	57	5.6%	386	474	22.8%	1,483	1,674	12.9%
Commercial (CRT)	6,208	6,482	4.4%	85	126	48.2%	607	716	18.0%	6,900	7,324	6.1%
Government (CRT)	3,081	2,830	-8.1%	195	219	12.3%	309	303	-1.9%	3,585	3,352	-6.5%
Industrial (CRT)	475	489	2.9%	21	13	-38.1%	56	54	-3.6%	552	556	0.7%
Totals	1,114,502	1,148,950	3.1%	39,130	40,125	2.5%	121,190	124,257	2.5%	1,274,822	1,313,332	3.0%

♦ For more details, please refer to Annex A

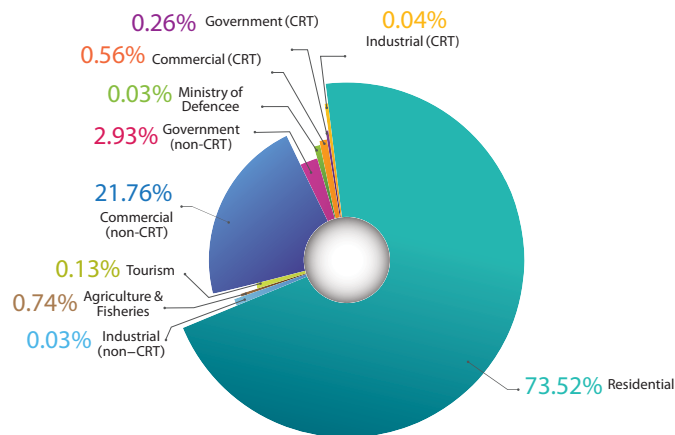
♦ It is not include SEZAD's data.



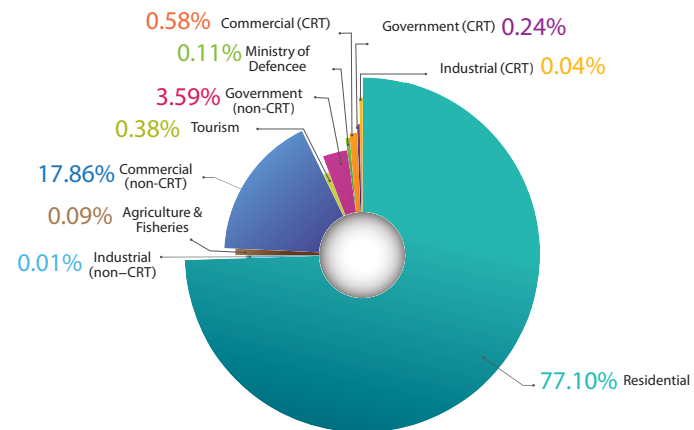
RAEC Systems
Accounts by Tariff Category 2020



Main Interconnected System
Accounts by Tariff Category 2020



Total Oman
Accounts by Tariff Category 2020



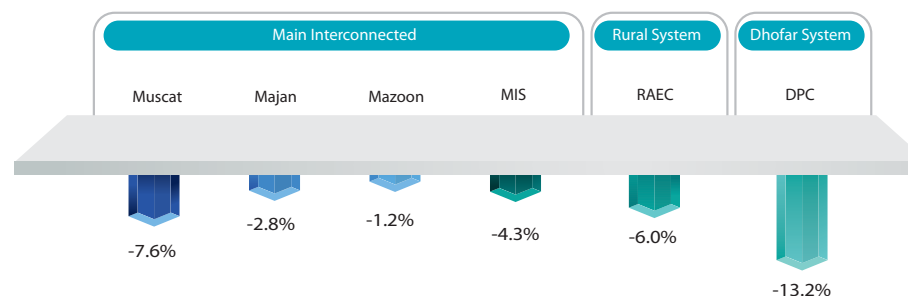
Dhofar Power Systems
Accounts by Tariff Category 2020

► Electricity supply per account: 2019 & 2020

Electricity intensity (MWh per account) decreased by 5.1% in 2020, from 26.5 MWh/account in 2019 to 25.1 MWh/account in 2020, reflecting a 3.1% increase in total registered accounts compared to a 2.3% decrease in supply during the year.

The reduction in electricity intensity for a fifth successive year reflects the continued overall slowdown in the rate of supply growth. It is notable that electricity intensity showed significant reductions in DPC and MIS, especially in Muscat.

%Change in MWh Supplied per Account: 2019 to 2020



MWh Supplied Per Registered Account: 2019 & 2020

	Muscat	Majan	Mazoon	MIS	RAEC	DPC	Oman
2019 MWh Supply/per Acct	28.3	37.1	19.2	26.6	27.1	25.4	26.5
2020 MWh Supply/per Acct	26.2	36.1	19.0	25.4	25.5	22.0	25.1
net change MWh S/per Acct	-2.2	-1.1	-0.2	-1.1	-1.6	-3.4	-1.4
% change in MWh S/per Acct	-7.6%	-2.8%	-1.2%	-4.3%	-6.0%	-13.2%	-5.1%

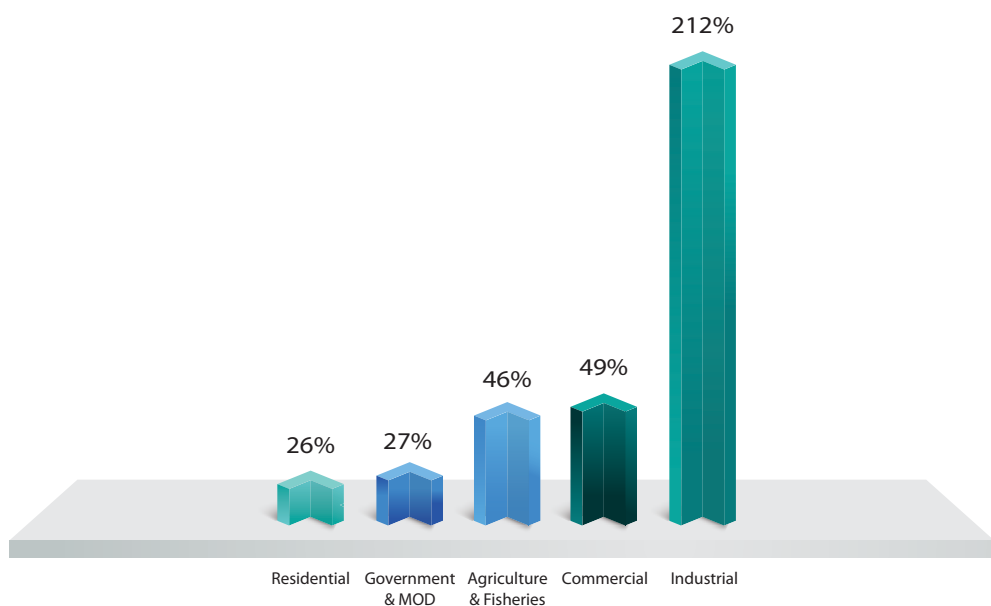
◆ Source: Company returns ◆ It is not include SEZAD's data.

Figure below shows that despite the recent grow in electricity intensity, between 2005 and 2020 the average electricity intensity across all customers increased by 40%, with a significant variation in intensity changes across customer categories.

The overall growth in intensity since 2005 reduced to 40% in 2020, compared with 48% in 2019. Customer categories with reduced intensity in 2005-2020, compared with 2005-2019- include Industrial (212% compared with 224%) Residential (26% compared with 25%) and Commercial (49% compared with






66%). On the other hand, Agriculture and Fisheries (46% compared with 42%) Government & MOD (27% compared with 44%) exhibited some increases in energy intensity.

Increasing intensity is an important driver of electricity demand which has implications for costs and subsidy. If the 1,313,332 registered accounts in 2020 had the same average intensity as in 2005, electricity supply in 2020 would have been 29% or 9.4 TWh lower with corresponding reductions in costs and subsidy.



MWh Supplied Per Registered Account: 2019 & 2020

Changes in Electricity Intensity between 2005 and 2020

	MWh/Account	2005	2019	2020	% change
	Industrial*	1,561.5	5,074.1	4,869.9	212%
	Commercial*	17.2	28.6	25.6	49%
	Agriculture & Fisheries	41.4	58.8	60.2	46%
	Government* & MOD	75.5	109.5	95.8	27%
	Residential	12.8	16.0	16.2	26%
	All Categories	17.9	26.5	25.1	40%

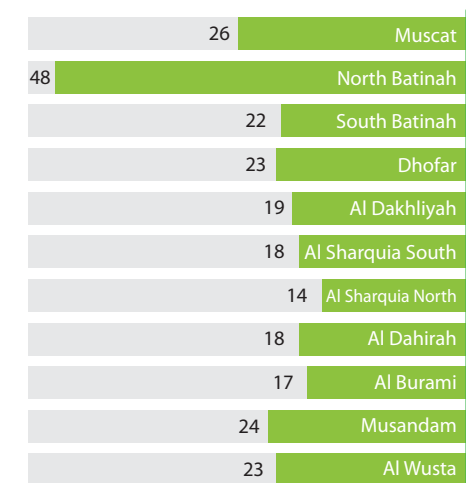
- * include CRT's customers
- It is not include SEZAD's data.

► EWS Activity by Region: 2020

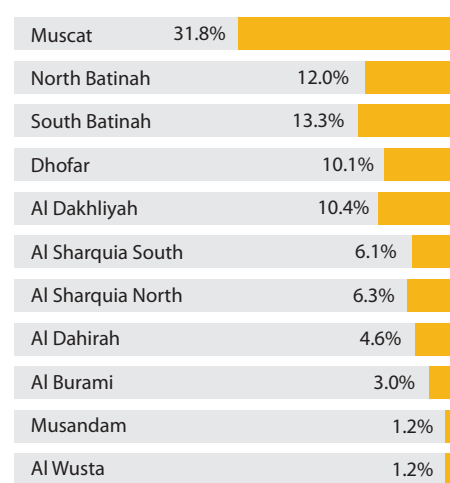
While all regions of Oman benefited from electricity and water sector activity in 2020, activity is heavily concentrated in Muscat, North Batinah and South Batinah. These three areas accounted for 68% of supply, 57% of customer accounts.

Electricity & Water Sector Activity by Region 2020

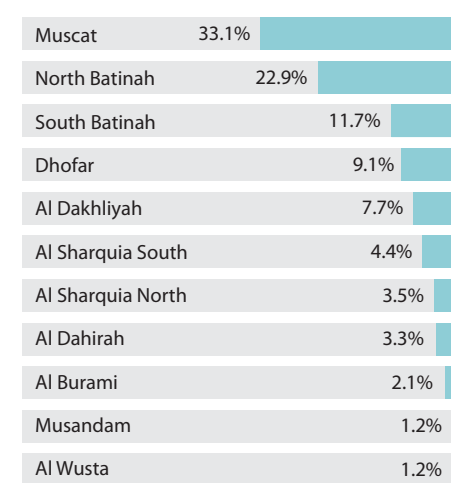
Regions	MWh Supplied	Accounts	MWh per Account	Regions	% of Supply	% of Accounts
Muscat	10,911,229	417,079	26	Muscat	33.1%	31.8%
North Batinah	7,549,171	157,639	48	North Batinah	22.9%	12.0%
South Batinah	3,861,619	175,055	22	South Batinah	11.7%	13.3%
Dhofar	3,008,062	132,402	23	Dhofar	9.1%	10.1%
Al Dakhliyah	2,548,903	136,266	19	Al Dakhliyah	7.7%	10.4%
Al Sharqia South	1,437,354	79,548	18	Al Sharqia South	4.4%	6.1%
Al Sharqia North	1,145,043	82,567	14	Al Sharqia North	3.5%	6.3%
Al Dahirah	1,098,711	60,792	18	Al Dahirah	3.3%	4.6%
Al Burami	677,506	40,004	17	Al Burami	2.1%	3.0%
Musandam	385,975	16,031	24	Musandam	1.2%	1.2%
Al Wusta	366,264	15,949	23	Al Wusta	1.1%	1.2%
Total	32,989,838	1,313,332	25.1	Total	100%	100%



MWh per Account



% of Electricity Accounts



% of Electricity Supply





► System Losses

Outturn 2020 data for units supplied and entering Oman's electricity systems shows that MIS losses were at 9.8%, Dhofar Power System losses were at⁽¹⁾ 15.9%, and RAEC losses at 4.7%.

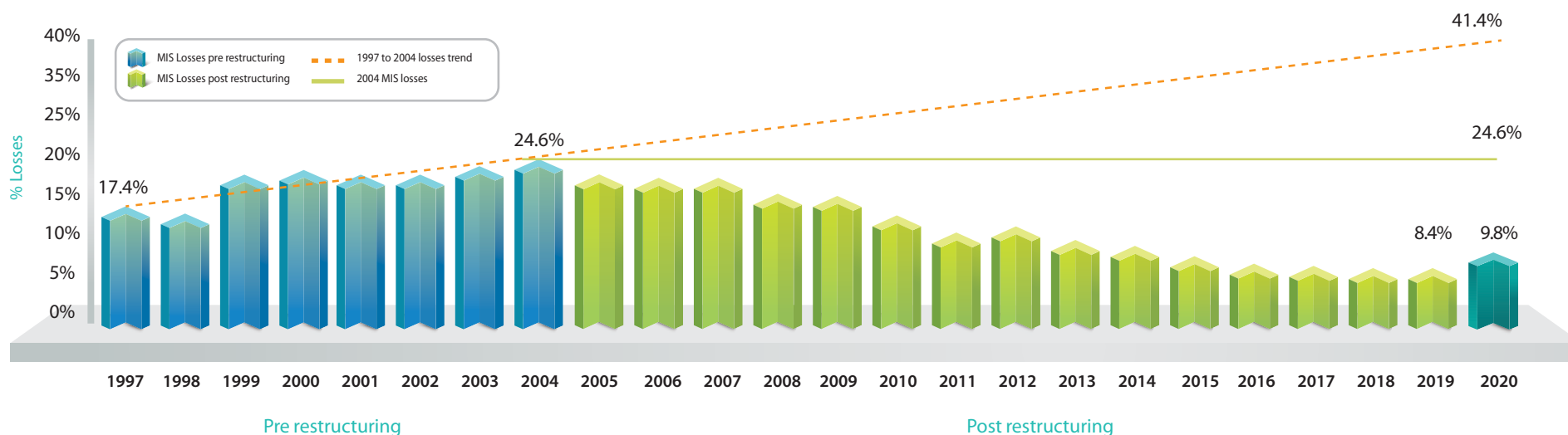
Figure 1 shows annual MIS losses since 2005.

The significant losses reductions achieved since the sector restructuring in 2005 reflect the application of a clear incentive based price control mechanism and the constructive responses of licensees. As losses approach long-term losses targets,

it is to be expected that the rate of improvement will reduce, though the Authority believes that further improvements remain possible.

Losses reductions are of considerable economic value in terms of achieved and future cost savings. The cost saving for 2020 remains approximately at the same level between the period 2017- 2019. Considering a 1 MWh reduction in losses is equivalent to OMR 9 (approximately the average variable MIS generation cost), the benefit achieved in 2020 is OMR 43 million compared with the 24.6% level reported in 2004. In cumulative terms, the value of the reduction in MIS losses since 2004 is OMR 387.2 million, which, in present value terms and using a discount rate of 6%, amounts to a total of OMR 717 million. Note that these figures do not take account of investment savings in generation and network infrastructure, which would significantly increase the value of the reported losses reductions.

Technical and non-technical Losses in the MIS



♦ Source: Pre-restructuring data from MHEW reports, post restructuring data from the Authority

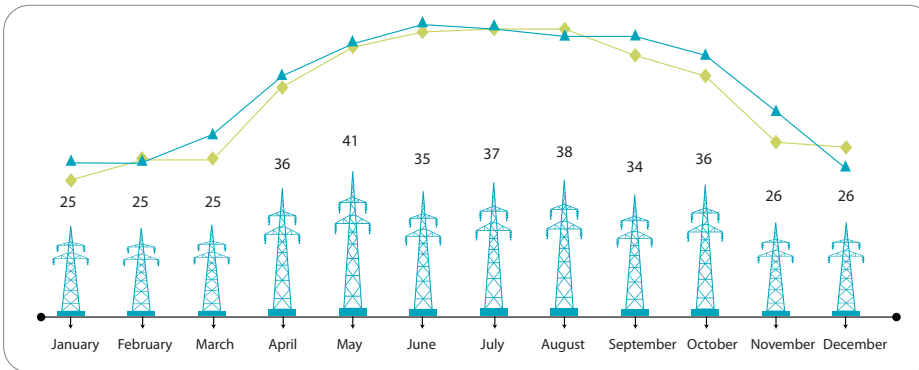
♦ 1) DPC losses are subject to further scrutiny by the Authority.



► Peak Demand

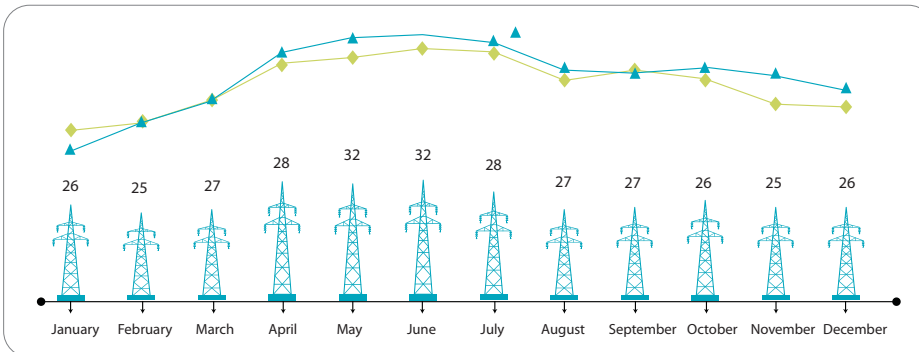
Main Interconnected System Peak Demand 2019 & 2020

Temp 0°C at times of 2020 Peak MW
◆ 2019 Peak MW ▲ 2020 Peak MW



Dhofar Power System Peak Demand: 2019 & 2020

Temp 0°C at times of 2020 Peak MW
◆ 2019 Peak MW ▲ 2020 Peak MW



◆ Source: OETC

	2019 Peak MW	2020 Peak MW	% change	Temp 0°C at times of 2020 Peak MW
January	3,377	3,019	-11%	25
February	3,373	3,431	2%	25
March	3,929	3,401	-13%	25
April	5,332	5,071	-5%	36
May	6,048	6,014	-1%	41
June	6,540	6,401	-2%	35
July	6,445	6,399	-1%	37
August	6,264	6,399	2%	38
September	6,330	5,858	-7%	34
October	5,818	5,329	-8%	36
November	4,557	3,882	-15%	26
December	3,276	3,733	14%	26
Peak MW	6,540	6,401	-2%	

◆ Source: OETC

	2019 Peak MW	2020 Peak MW	% change	Temp 0°C at times of 2020 Peak MW
January	355	395	11%	26
February	413	414	0%	25
March	458	456	-1%	27
April	553	529	-4%	28
May	582	541	-7%	32
June	594	559	-6%	32
July	571	552	-3%	28
August	516	496	-4%	27
September	512	514	0%	27
October	521	497	-5%	26
November	508	450	-11%	25
December	478	445	-7%	26
Peak MW	594	559	-6%	

◆ Source: OETC



► Electricity Demand Forecasts

In accordance with Condition 5 of the Power and Water Procurement licence, PWP publishes an annual statement presenting a 7-year outlook for electricity and desalinated water demand, and the capacities required to meet forecast demand, for the MIS and Dhofar Power System. The electricity demand forecasts in each 7-Year Statement are official forecasts to which electricity sector planning is referenced. The most recent 7-Year Statement (Issue 15 for the period 2021 to 2027) is available for review and download from the PWP's website (www.omanpwp.com). The main highlights of the electricity demand forecasts are as follows:

► MIS:

in the "expected case", MIS peak demand is projected to grow at 4% per year to reach 8,371 MW in 2027 which is slightly lower than previously forecast. The «low case» projects 2% annual growth, resulting in peak demand of 7,133 MW in 2027, the «high case» projects 6% annual growth and peak demand at 9,609 MW in 2027, about 1,238 MW higher than the expected case.

In terms of energy, the expected, low and high case forecasts for 2027 are 38 TWh, 34 TWh and 42 TWh respectively; and

► Dhofar System:

in the "expected case", peak demand is expected to grow at 4% per year, reaching 707 MW in 2027. The «low case» projects 2% annual growth, reaching 602 MW by 2027. The «high case» allows for more rapid industrialization in the region, and has peak demand increasing at 6% per year to reach 811 MW in 2027.

In terms of energy, the expected, low and high case forecasts for 2027 are 4 TWh, 4 TWh and 5 TWh respectively.

For more in-depth analysis of the electricity demand forecast, please refer to Issue 15 of the PWP 7-Year Statement for further details of the electricity demand forecasts and how PWP plans to ensure sufficient capacity will be available to meet forecast demand for electricity and related water. It should be noted that the Authority is currently undertaking a detailed assessment of the planning and procurement practices of the electricity sector as a whole with the objective of more effective capacity utilization and planning moving forward.



► Approved Projects and Capital Expenditure: 2020

Licensed system operators (OETC, MEDC, Mazoon, Majan, RAEC and DPC) approved 317 projects in 2020, with a total value of OMR 436,8 million. The below figure presents details of the approved projects by Licensee, region and value.

OETC accounts for 61.0% of approved projects by value, which reflects the significant investment made to connect and transport electricity from production facilities. RAEC accounts for 25.4% of projects value, MEDC 4.5%, MZEC 4.5%, MJEC 3.8% and DPC 0.8%.

In terms of regional investment, Al Wusta region accounts for 42.8% (OMR 187million) due to significant network investments by OETC and RAEC in this region. All regions benefited from ERWS sector investment in 2020 in line with the government's policy commitment to provide electricity and related water services throughout the Sultanate.

Project Approvals by Licensee in 2020

Region	RO	OETC	RAEC	MEDC	MZEC	MJEC	DPC	Totals	% Total
Al-Wusta	RO	167,222,128	19,653,003					186,875,131	42.8%
Dhofar	RO	16,110,628	79,120,732				3,519,330	98,750,690	22.6%
Al Dhakiliyah	RO	50,126,388			7,085,321			57,211,709	13.1%
Muscat	RO	33,041,609		19,699,060				52,740,669	12.1%
Al Batinah	RO				3,208,148	9,169,060		12,377,208	2.8%
Al Sharqiyah	RO				9,164,405			9,164,405	2.1%
Other*	RO		5,252,177			2,920,570		8,172,747	1.9%
Al Dhahira	RO					4,710,260		4,710,260	1.1%
Musandam	RO		3,655,800					3,655,800	0.8%
Al Sharqiyah	RO		3,108,672					3,108,672	0.7%
Total Value		266,500,753	110,790,384	19,699,060	19,457,875	16,799,890	3,519,330	436,767,292	
% of Total		61.0%	25.4%	4.5%	4.5%	3.8%	0.8%		
Number of Projects		11	21	21	17	11	236	317	

♦ Source: Company returns

♦ * Other : include material costs and any other costs that are general to the whole region, not specific to one region



► EWS Employment & Omanisation: 2019 and 2020

The Authority undertakes an annual survey of electricity sector employment and Omanisation. The survey provides information on Direct and Indirect (contractor and sub-contractor) employment. The below summarizes the results of the 2020 survey.

The percentage of Omanisation in indirect jobs in 2020 was (63%) by (4,991) compared to 2019, the percentage of Omanisation in indirect jobs was (45%) by (4,477). These significant changes to the sector employment survey are mainly due to improvements in the survey methodology and the response rate, providing a more accurate overall figure.

Omani nationals accounted for 94% of direct employment in 2020 and for 63% of indirect employment, contributing to a combined sector Omanisation rate of 71% Since 2005. total direct and indirect employment has seen changed from 4,796 to 10,634 in 2020.

Employment & Omanisation level for 2019

Employment by type - 2019	Omani	Expatriate	Total	Omani %
Direct Employees	2,474	172	2,646	93%
Contractors Employees	4,477	5,424	9,901	45%
Total Employees	6,951	5,596	12,547	55%

Employment & Omanisation level for 2020

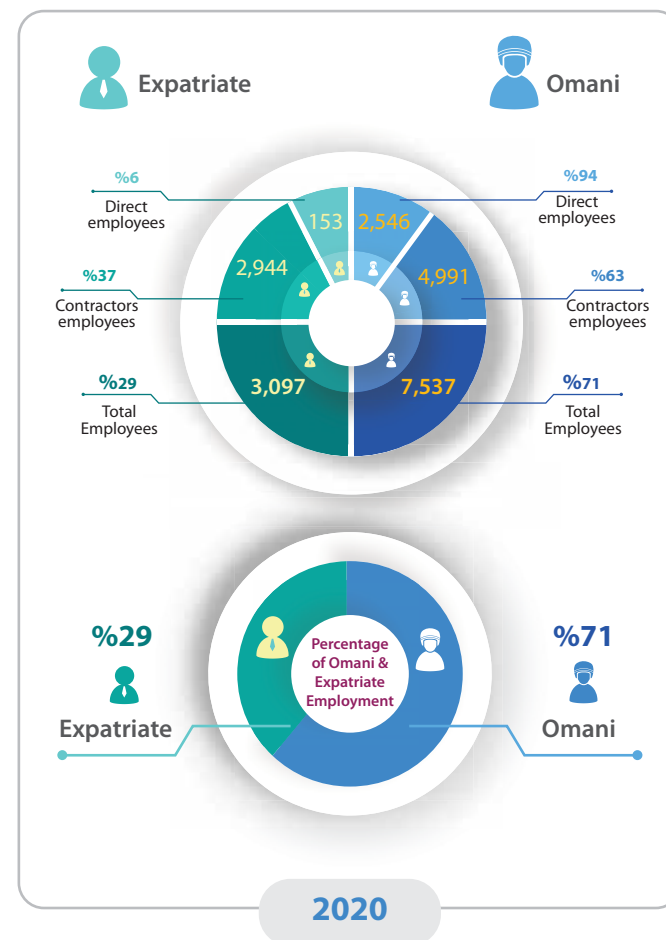
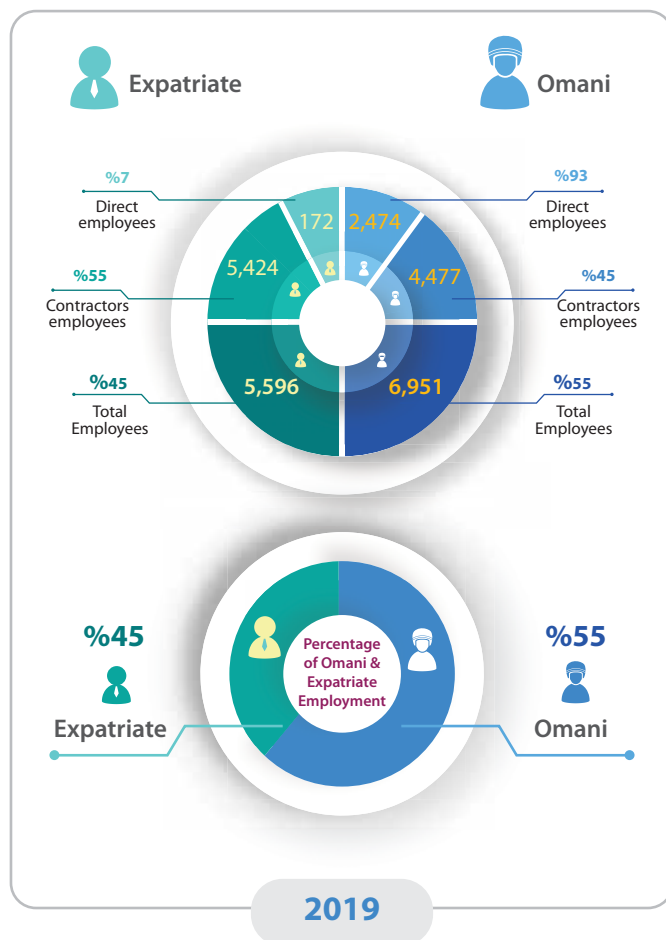
Employment by type - 2020	Omani	Expatriate	Total	Omani %
Direct Employees	2,546	153	2,699	94%
Contractors Employees	4,991	2,944	7,935	63%
Total Employees	7,537	3,097	10,634	71%

Total Contractors Staff and Omanisation by Function: 2020

Job Function	Omani	Expatriate	Total	Omani %
Managers	335	151	486	69%
Engineers	955	403	1,358	70%
Supervisors	146	123	269	54%
Electrical Lines Connectors	18	428	446	4%
Technicians	795	881	1,676	47%
Cable Connectors	2	93	95	2%
Skilled Manpower*	2,740	865	3,605	76%
Ground Total	4,991	2,944	7,935	63%

◆ *Skilled Manpower: employees who do not fall into any of the above categories. E.g. It's, Finance, Administration, Drivers, Cleaners, Warehouse staff, ...etc.

Percentage of Omani & Expatriate Employment 2019 & 2020



♦ Source: Authority 2020 employment survey





Chapter Three:

Electricity Subsidy and Tariff



► Electricity Subsidy

Article (18) of the Sector Law implements a mechanism through which the Ministry of Finance provides electricity Subsidy calculated by the Authority to licensed suppliers on an annual basis. The Authority undertakes three separate Subsidy calculations: (i) Main Interconnected System Subsidy (required by MEDC, Majan and Mazoon); (ii) Dhofar Power System Subsidy (required by DPC); and (iii) Rural Systems Subsidy (required by RAEC).

Subsidy is defined as the difference between the economic cost of supply (including financing costs) and Permitted Tariff (and other) revenue.

► MIS Subsidy in 2020

Outturn MIS Subsidy in 2020 was OMR 443.8 million. This reflects total economic costs of OMR 940.7 million and customer revenues of OMR 496.9 million. Figure 1 presents outturn MIS Subsidy in 2020 by company.

2020 MIS Subsidy accounted for 47% of the total economic cost of supply (OMR 940.7 million), the remaining 53% of costs were recovered through customer revenue.

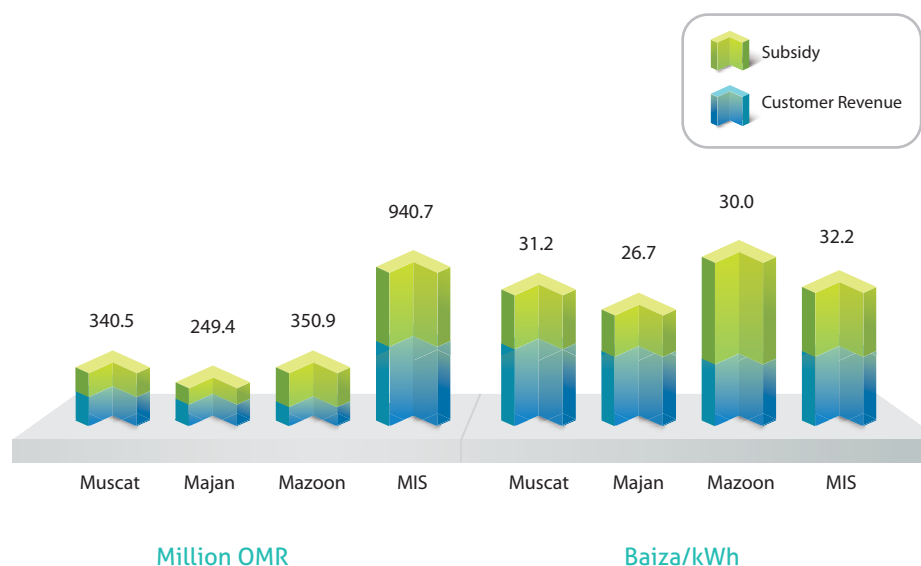
The reason for the decrease in MIS 2020 Subsidy is mainly due to the economic slowdown and COVID-19 pandemic which resulted in reduction in the units supplied and customer revenue.

MEDC, Majan and Mazoon accounted for 31%, 21% and 48%, respectively, of total 2020 MIS Subsidy. Mazoon's 2020 Subsidy of OMR 211.9 million accounted for 60% of its total economic cost requirements, while Subsidy to Majan and MEDC (OMR 93 million and OMR 138.9 million respectively) constituted 37%

2020 MIS Outturn Subsidy by Company

	Million OMR				Baiza/kWh			
Item	MEDC	Majan	Mazoon	MIS	MEDC	Majan	Mazoon	MIS
Customer Revenue	201.6	156.4	139.0	496.9	18.5	16.8	15.5	17.0
Subsidy	138.9	93.0	211.9	443.8	12.7	10.0	23.6	15.2
Economic Cost	340.5	249.4	350.9	940.7	31.2	26.7	39.0	32.2
Subsidy % Economic Cost	41%	37%	60%	47%	41%	37%	60%	47%
Company share of Subsidy	31%	21%	48%	100%				

♦ Source: 2020 audited SCRC Statements & Authority calculations



and 41% of their respective 2020 economic costs. The Subsidy requirement of each company reflects differences in customer mix and the characteristics of their respective distribution systems.

Please refer to Annex D for further details of the 2020 MIS outturn Subsidy.

► 2021 MIS Subsidy Forecast

The Authority's estimate of 2021 MIS Subsidy is OMR 384.1 million. This reflects total estimated economic costs of OMR 1,142 million of which 66% (or OMR 757.9 million) is expected to be recovered through customer revenues.

Figure 2 presents the Authority's estimates of 2021 MIS Subsidy by company.

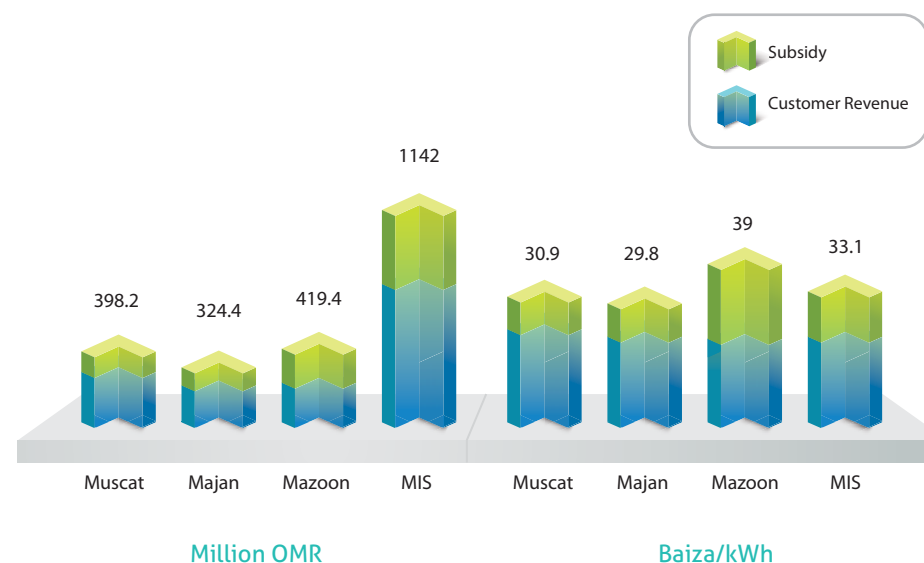
The Authority's estimate of 2021 MIS Subsidy requirement is 13.5% lower than 2020 outturn Subsidy, reflecting the increase of 52.5% in customer revenue of OMR 757.9 million due to the new electricity tariffs approved for the year 2021. Units Supplied in 2021 is expected to witness a growth from 2020 by 18%.

Please refer to Annex C for further details of the 2021 MIS Subsidy estimate.

Subsidy Forecast - Main Interconnected System 2021

	Million OMR				Baiza/kWh			
Item	MEDC	Majan	Mazoon	MIS	MEDC	Majan	Mazoon	MIS
Customer Revenue	301.6	232.0	224.3	757.9	23.4	21.3	20.9	21.9
Subsidy	96.6	92.4	195.1	384.1	7.5	8.5	18.1	11.1
Economic Cost	398.2	324.4	419.4	1,142.0	30.9	29.8	39.0	33.1
Subsidy % Economic Cost	24%	28%	47%	34%	24%	28%	47%	34%
Company share of Subsidy	25%	24%	51%	100%				

♦ Source: 2019 audited SCRC statements and Licensee returns



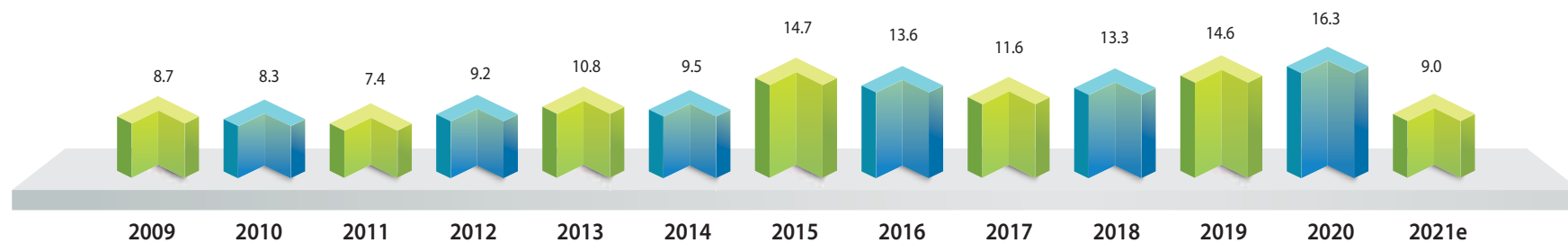
► Underlying Movement in MIS Subsidy: 2009 to 2020, and 2021 estimate

Figure 3 presents the Authority's underlying measure of MIS Subsidy between 2009 and 2020 and expected MIS Subsidy in 2021. The underlying measure assumes revenue, costs and efficiencies were correctly forecast between 2009 and 2020 so as to return zero correction factors. The 2021 estimate of MIS Subsidy reflects the 2021 MAR of PWP, OETC, MEDC, Majan and Mazoon and assumed increase in Supply of 18%.

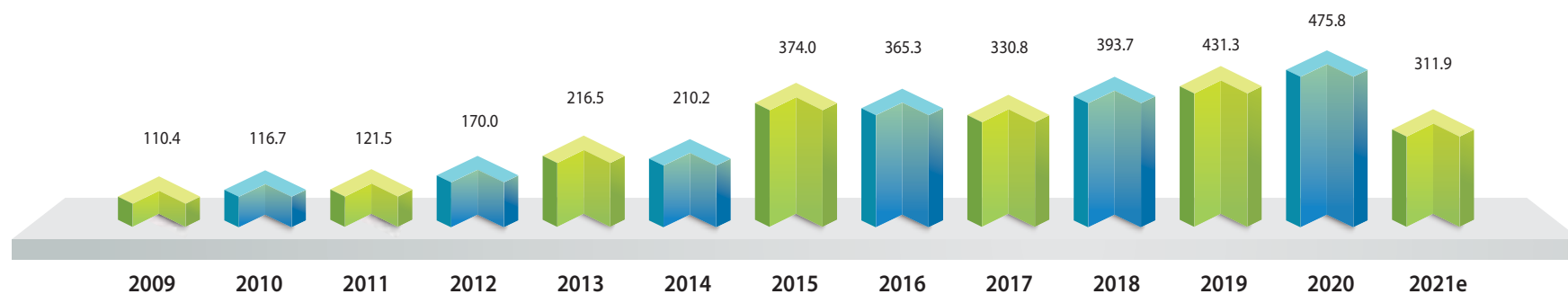
Underlying Movement in MIS Subsidy: 2009 to 2020 & 2021 estimate

Economic Cost (OMR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
PWP (MAR excluding Kt)	177.6	198.3	222.5	249.6	295.4	312.0	498.5	504.5	522.8	551.4	566.5	596.7	667.8
OETC (MAR excluding Kt)	38.5	41.4	44.0	46.9	65.2	68.6	73.9	74.1	73.2	73.4	99.9	101.4	105.8
MEDC (MAR excluding Kt)	32.3	34.9	38.8	55.8	59.2	62.6	64.7	67.8	67.9	78.0	82.1	84.5	88.8
Majan (MAR excluding Kt)	26.0	28.0	30.8	40.8	42.1	44.4	53.1	50.6	53.5	67.0	70.9	70.9	76.7
Mazoon (MAR excluding Kt)	37.5	41.2	45.2	63.3	65.8	68.5	82.8	83.8	87.9	112.5	112.9	119.2	130.7
Underlying Economic Cost	311.9	343.8	381.3	456.4	527.7	556.1	773.0	780.8	805.3	882.3	932.3	972.7	1069.9
Permitted Tariff (& other) Revenue	201.5	227.1	259.9	286.4	311.2	345.9	399.0	415.5	474.5	488.6	501.0	496.9	757.9
Underlying Economic Subsidy Requirement	110.4	116.7	121.5	170.0	216.5	210.2	374.0	365.3	330.8	393.7	431.3	475.8	311.9
Total Units Supplied (GWh)	12.714	14.122	16.374	18.502	20.021	22.098	25.513	26.843	28.582	29.624	29.619	29.230	34.547
Nominal													
Underlying Economic Cost per kWh Supplied	24.5	24.3	23.3	24.7	26.4	25.2	30.3	29.1	28.2	29.8	31.5	33.3	31.0
Customer Revenue per kWh Supplied (bz/kWh)	15.9	16.1	15.9	15.5	15.5	15.7	15.6	15.5	16.6	16.5	16.9	17.0	21.9
Underlying Subsidy per kWh Supplied (bz/kWh)	8.7	8.3	7.4	9.2	10.8	9.5	14.7	13.6	11.6	13.3	14.6	16.3	9.0
Real (2020 prices)													
Underlying Economic Cost per kWh Supplied	29.1	28.6	26.4	26.8	27.9	26.4	31.3	30.1	28.6	30.1	31.2	33.0	31.0
Underlying Subsidy per kWh Supplied (bz/kWh)	10.3	9.7	8.4	10.0	11.4	10.0	15.2	14.1	11.8	13.4	14.5	16.1	9.0

♦ Source: 2009 to 2020 audited SCRC Statement, Authority calculations.



MIS Underlying Subsidy Bz/KWh



MIS Underlying Subsidy Million OMR

The level of underlying MIS Subsidy in 2021 (OMR 311.9 million) was 17% lower than 2015 (following the increase in gas price), compared to a 35% increase in units supplied over the same period. On a per/kWh basis, underlying subsidy declined (in real terms) by around 40% from 15.2 bz/kWh in 2015 to 9.0 bz/kWh in 2020.

The Authority estimates total underlying MIS Subsidy to decrease by RO 163.7 million (or 34%) in 2021.

► Dhofar Power System Subsidy

Outturn DPS Subsidy in 2020 was OMR 47.4 million. This reflects a total economic cost of OMR97 million and customer revenue of OMR 50 million. In 2020 DPS Subsidy accounted for 49% of the total economic cost of supply (OMR 97.2 million), the remaining 51% of costs were recovered through customer revenue.

The following figure compares outturn 2020 Subsidy with the Authority's 2021 estimate of DPC Subsidy.

The Authority's estimate of 2021 DPS Subsidy is OMR 40 million, 15.6% (or OMR 7.4 million) lower than the outturn 2020 DPS subsidy. The Authority estimates that 66.5% (or OMR 79.6 million) of the total DPS economic cost will be recovered from customer revenue. Units supplied are expected to increase by 22.7%, whilst customer revenue is expected to increase by around 60% due to the new electricity tariffs approved for the year 2021.

Please refer to Annex C for further details of the 2020 outturn DPS Subsidy and 2021 DPS Subsidy estimate.

► Rural Systems Subsidy

Outturn RAEC Subsidy in 2020 was OMR 91.6 million. This reflects a total economic cost of OMR 113.8 million (111.3 baiza/kWh) and OMR 22.2 million (21.7 baiza/kWh) in customer revenue.

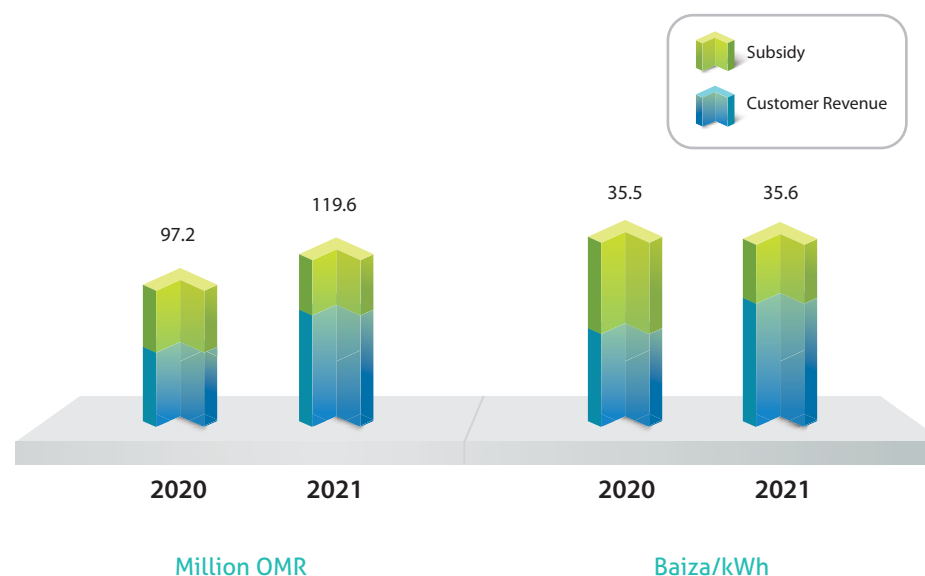
The following figure compares outturn 2020 Subsidy and our 2021 estimate of RAEC Subsidy.

RAEC Subsidy is estimated to decrease in 2021 to OMR 86.6 million (89.6

DPS 2020 Outturn & 2021 Subsidy forecast

	Million OMR		Baiza/kWh	
Item	2020	2021	2020	2021
Customer Revenue	49.7	79.6	18.2	23.7
Subsidy	47.4	40.0	17.3	11.9
Economic Cost	97.2	119.6	35.5	35.6
Subsidy % Economic Cost	%49	%33	%49	%33

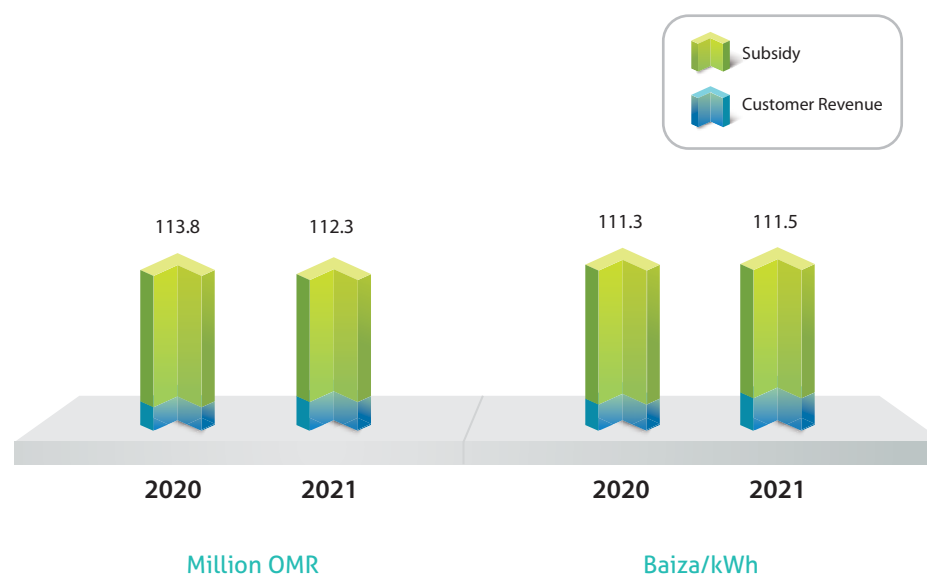
◆ Source: 2020 audited SCRC Statements & Authority calculations



RAEC 2020 Outturn & 2021 Subsidy Estimate

	Million OMR		Baiza/kWh	
Item	2020	2021	2020	2021
Customer Revenue	22.2	25.7	21.7	25.5
Subsidy	91.6	86.6	89.6	86.0
Economic Cost	113.8	112.3	111.3	111.5
Subsidy % Economic Cost	%81	%77	%81	%77

♦ Source: 2020 audited SCRC Statements & Authority calculations



baiza/kWh); this is approximately 5.5% lower than outturn Subsidy in 2020. Similar to MIS and DPS, the decrease in 2021 RAEC Subsidy is mainly attributed to the new electricity tariffs approved for the year 2021.

Please refer to Annex C for further details of the 2020 outturn RAEC Subsidy and 2021 RAEC Subsidy estimate.

► Comparison of 2020 Subsidy by Company

The following figure presents a comparison of Subsidy provided to MEDC, Majan, Mazoon, RAEC and DPC in 2020. The left hand panel presents Subsidy (baiza) per kWh supplied, the right hand panel shows Subsidy (OMR) per Customer Account.

Mazoon accounts for 36.4% of the OMR 582.9 million of Subsidy provided to the companies in 2020, MEDC accounts for 23.8%, RAEC 15.7%, Majan 16.0% and DPC 8.1%.

RAEC Subsidy per kWh supplied and per account is significantly higher than other companies (and excludes RAEC electrification funding provided in accordance with Article (87) of the Sector Law), confirming the significant Subsidy support provided to customers in rural areas.

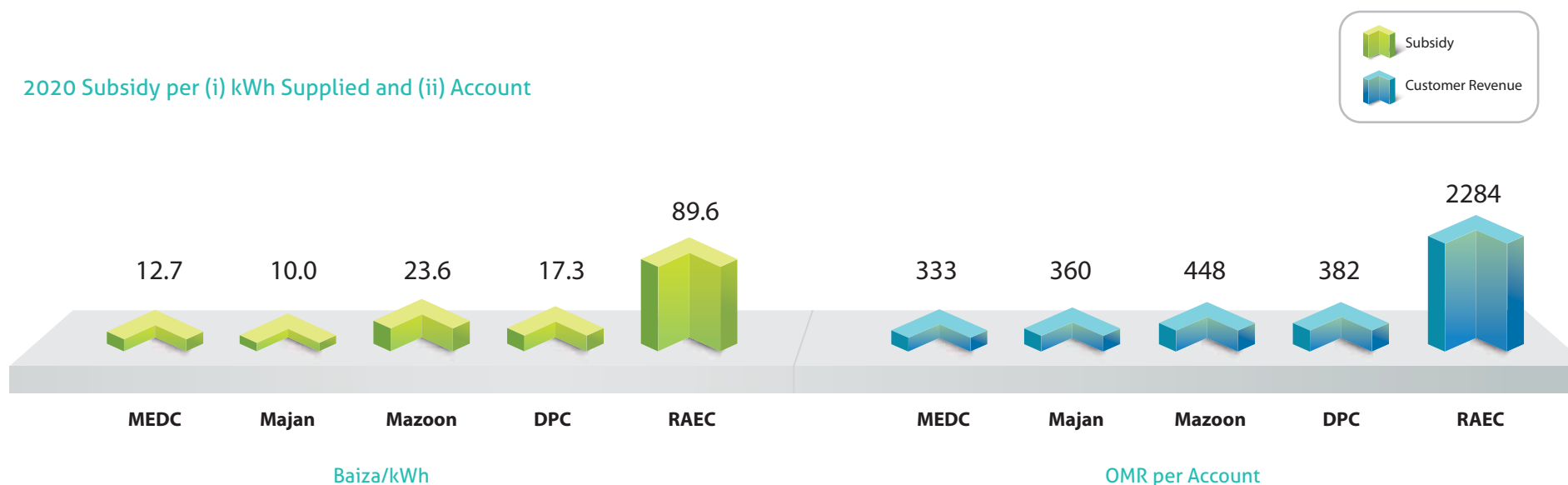
The Subsidy requirements of all companies reflect nominal increases in economic costs and Permitted Tariffs that are not indexed to inflation hence decline in real terms year on year.

2020 Subsidy Comparisons by Company

	Subsidy Baiza/KWh Supplied 2020					Subsidy OMR per Account 2020				
Item	MEDC	Majan	Mazoon	DPC	RAEC	MEDC	Majan	Mazoon	DPC	RAEC
Subsidy per KWh/Account	12.7	10.0	23.6	17.3	89.6	333	360	448	382	2,284
Subsidy OMR m	138.9	93.0	211.9	47.4	91.6	138.9	93.0	211.9	47.4	91.6
Accounts 000'/GWh	10,911	9,325	8,993	2,737	1,023	417	258	473	124	40

♦ Source: 2020 audited SCRC Statements & Licensee returns

2020 Subsidy per (i) kWh Supplied and (ii) Account





► Permitted Tariffs:

► Electricity Permitted Tariffs

The new electricity tariffs have been approved in accordance with Decision No. (6/ 2020) issuing the Regulation of Electricity Connection and Supply Tariffs:

a. Residential Tariffs: the residential categories have been divided into the citizen account tariff, and the resident and additional accounts tariff, according to the following table:

b. Non-Residential Tariffs: the previous customer categories (industrial, commercial, government, tourism, Ministry of Defense) have been merged into one non- residential tariff. The tariff for agricultural and fisheries activities has also been amended, according to the following table:

Residential Category in 2021

category	Threshold (kWh/month)	Tariff (Bz/kW)
Citizen account	0 – 2000	15
	2001 – 4000	20
	More than 1500	30
resident and additional accounts	0 – 500	20
	501 – 1500	25
	More than 1500	30

Non-residential category in 2021

category	Threshold (kWh/month)	Tariff (Bz/kW)
Large customers	-	21
Non-residential category	Winter tariff	21
	Summer tariff	29
Agricultural and fisheries activities	0-3000	12
	3001-6000	16
	More than 6000	24

- ♦ Winter tariff from 1 October to 30 April
- ♦ Summer tariff from 1 May to 30 September

► Water Permitted Tariffs

The new water tariffs have been approved in accordance with Decision No. (7/2020) issuing the Regulation of Potable Water Supply Tariffs:

a. Residential Tariffs: the residential category has been divided into the citizen account tariff, and the resident and additional accounts tariff according to the following table:

Residential Category in 2021

category	Tariff unit	2021 Tariffs
Citizen account	(Bz/gallon)	2.5
	(Omani Rial /cubic meter)	0.55
resident and additional accounts	(Bz/gallon)	3
	(Omani Rial /cubic meter)	0.66

b. Non – Residential Tariffs: this tariff is applicable on all non-residential uses:

Non-residential category in 2021

category	Tariff unit	Tariff in 2021
non-residential	(Bz/gallon)	4.5
	(Omani Rial /cubic meter)	0.99

► Cost Reflective Tariff

In 2017, the Authority introduced Cost Reflective Tariff (CRT) to encourage large customers to more carefully manage their consumption through energy efficiency measures, and by shifting as much consumption as possible away from peak period.

The Cost Reflective Tariff is designed to more accurately reflect the actual cost of supplying electricity without government subsidy, which will positively contribute in managing consumption in the most optimal way and reducing the amount of Government Subsidy to the electricity sector.

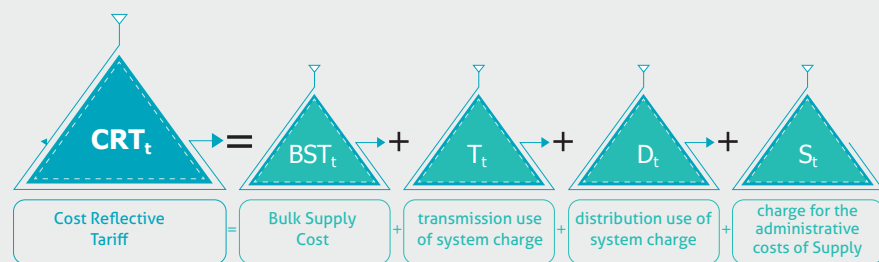
According to the Cost Reflective Tariff Regulation No. (5 /2020) issued in 2020, this tariff will be applied on large customers whose consumption exceeds 100 MWh per year instead of 150 MWh per year starting from 1st of January 2021.

In order to meet the needs of the large customers, several CRT options have been developed by the Authority.

Figure presents the component elements of the Cost Reflective Tariffs and Table sets out the approved 2021 charges of each component.

► Option (1) –Cost Reflective Tariff:

Cost Reflective Tariffs Calculation



Where: BST_t is the cost of energy charges at the electricity Bulk Supply Tariff in year t

Charges for subsequent calendar years will be revised based upon changes in underlying production costs as well as transmission, distribution and supply costs.

► Option (2) – Seasonal Tariff:

Seasonal flat tariff according to the level connection:

	High voltage (132 KV, 220KV, 400 KV)	33 KV & 11 KV	0.415 KV (LT)
Winter Tariff	17 Bz/KWh	22 Bz/KWh	25 Bz/KWh
Summer Tariff	30 Bz/KWh	35 Bz/KWh	38 Bz/KWh

- ♦ Summer Tariff applies from 1st May to 30th September
- ♦ Winter Tariff applies from 1st October to 30th April

Table below presents the approved 2021 CRT charges.

Approved 2021 CRT charges

CRT component	Charge	Type of Charge	Calculation of charge
BST _t	See Table next page	Energy	Applied to hourly MW consumption
T _t	16,630 RO/MW	Demand	Charge per annum applied to customers' contribution to average system peak
D _t	Network level 33kV 4 RO/MWh Network level 11kV 5 RO/MWh Network level 0.415kV 11 RO/MWh	Energy	Applied to each MWh consumption based on customers' connection to each respective distribution voltage level
S _t	50 RO/customer	Standing	Charge per account per annum for administering each customer account

♦ Source: APSR approved charges

► Option (3) – Flat Tariff:

1. Flat Tariff according to the level of connection:

	High voltage (132 KV, 220 KV, 400 KV)	33 KV & 11 KV	0.415 KV (LT)
Flat Tariff	20 Bz/KWh	26 Bz/KWh	33 Bz/KWh

- ♦ *The third option is introduced in implementation of the directive from the Council of Ministers of the economic incentive plan to support economic recovery and enhance the performance of the national economy.

► Electricity and Water Bulk Supply Tariffs

Electricity Bulk Supply Tariffs ("BST") relate to the tariff charged by PWP for the Bulk Supply of electricity to Licensed Suppliers in the MIS (MEDC, Majan and Mazoon) and DPS. The approved 2021 PWP electricity Bulk Supply Tariffs are shown in Table below

PWP Electricity Bulk Supply Tariff for MIS – 2021

				
Month	Off-Peak	Night-Peak	Day-Peak	
			Weekday	Weekend
January – March	12	12	12	12
April	15	15	15	15
May – July	18	26	67	37
August – September	18	24	29	22
October	15	15	15	15
November – December	12	12	12	12

Rate Band	Time Period	Days of Week
Off-Peak	02:00 to 11:59 and 16:00 to 21:59	All days
Night-Peak	22:00 to 01:59 (following day)	All days
Weekday Day-Peak	12:00 to 15:59	Sunday to Thursday
Weekend Day-Peak	12:00 to 15:59	Friday and Saturday

♦ Source: PWP 2021 Electricity BST Leaflet for MIS

PWP Electricity Bulk Supply Tariff for Dhofar Power System – 2021

						
Month	Night-Peak		Off-Peak Morning	Day-Peak		Off-Peak Afternoon
	Weekday	Weekend	All Days	Weekday	Weekend	All Days
January – March	12	12	12	12	12	12
April	32	24	19	24	19	19
May – June	48	32	28	45	26	27
July – August	17	15	14	14	14	14
September – October	20	17	15	17	17	17
November - December	12	12	12	12	12	12

Rate Band	Time Period	Days of Week
Night-Peak Weekday	00:00 to 02:59 and 20:00 to 23:59	Sunday to Thursday
Night-Peak Weekend	00:00 to 02:59 and 20:00 to 23:59	Friday & Saturday
Off-Peak Morning	3:00 to 09:59	All days
Day-Peak Weekday	10:00 to 15:59	Sunday to Thursday
Day-Peak Weekend	10:00 to 15:59	Friday & Saturday
Off-Peak Afternoon	16:00 to 19:59	All days

♦ Source: PWP 2021 Electricity BST Leaflet for DPS

PWP Electricity Bulk Supply Tariff for Musandam Power System – 2021

Month	Capacity Charge RO/MW/Hr	Variable Charge RO/MWh
January-March	4.860	17.598
April	8.570	17.598
May-July	20.120	17.598

Month	Capacity Charge RO/MW/Hr	Variable Charge RO/MWh
August-September	14.380	17.598
October-December	4.910	17.598

The Authority also approves water Bulk Supply Tariffs charged by PWP for the Bulk Supply of water to Water Departments. Table below shows the approved 2021 PWP water Bulk Supply Tariffs.

PWP 2020 Water Bulk Supply Tariffs

A) Charges for Bulk Supply to PAW	Charge	(OMR per day per m3/day)
	Fixed charge for Water Desalination Capacity	OMR 0.179 per day per m3/day

Month	Off- Peak	Night Peak	Peak	
			Weekday Day Peak	weekend Day Peak
January - March	0.081	0.081	0.081	0.081
April	0.091	0.091	0.091	0.091
May - July	0.104	0.136	0.305	0.182
August - September	0.104	0.128	0.149	0.120
October	0.091	0.091	0.091	0.091
November - December	0.081	0.081	0.081	0.081

Rate Band	Time Period	Days of Week
Off Peak	02:00 to 11:59 and 16:00 to 21:59	All days
Night Peak	22:00 to 01:59 (following day)	All days
Weekday Day – Peak	12:00 to 15:59	Sunday to Thursday
Weekend Day – Peak	12:00 to 15:59	Friday to Saturday

◆ Source: PWP 2021 Water BST Leaflet for MIS

B) Charges for Bulk Supply for WGD	Charge	(OMR per day per m3/day)
	Fixed charge for Water Desalination Capacity	OMR 0.208 per day per m3/day

Month	Night-Peak		Off-Peak Morning	Day – Peak		Off –Peak Afternoon
	Weekday	Weekend	All Days	Weekday	Weekend	All Days
January - March	0.081	0.081	0.081	0.081	0.081	0.081
April	0.151	0.120	0.100	0.120	0.100	0.100
May - July	0.215	0.151	0.135	0.203	0.127	0.131
August - September	0.092	0.084	0.082	0.082	0.082	0.082
October	0.104	0.092	0.084	0.092	0.092	0.092
November - December	0.081	0.081	0.081	0.081	0.081	0.081

Rate Band	Time Period	Days of Week
Night-Peak Weekday	00:00 to 02:59 and 20:00 to 23:59	Sunday to Thursday
Night-Peak Weekend	00:00 to 02:59 and 20:00 to 23:59	Friday & Saturday
Off-Peak Morning	03:00 to 09:59	All days
Day-Peak Weekday	10:00 to 15:59	Sunday to Thursday
Day-Peak Weekend	10:00 to 15:59	Friday & Saturday
Off-Peak Afternoon	16:00 to 19:59	All days

◆ Source: PWP 2021 Water BST Leaflet for DPS

► Transmission Use of System Charge

OETC levies a Transmission Use of System ("TUoS") charge for the use of its Transmission Systems in the MIS (MEDC, Majan and Mazoon) and DPS. The approved 2021 TUoS for both MIS and DPS are shown in Table 8 below.



2021 TUoS Charge (OMR/MW) 16,630

◆ Source: OETC 2020 Statement of Transmission System Charges



The average peak demand of transmission system =
$$\frac{\text{Time (1)} + \text{Time (2)} + \text{Time (3)}}{3}$$

◆ The TUoS charge is applied to Licensed Suppliers' (MW) share of system peak demand.

► Distribution Use of System Charge

Licensed Distribution companies apply a Distribution Use of System ("DUoS") charge for the use of their respective Distribution Systems. Customers are charged distribution charges based on each respective network level they are connected; Oman network levels and the approved 2021 DUoS charges are shown below:

2021 Distribution Use of System Charge

Customer Group		Energy Charges (Bz/KWh)	
1	Network User Level 1 33 kV	Energy Charges 4(Bz/KWh)	
2	Network User Level 2 11 kV	Energy Charges 5(Bz/KWh)	
3	Network User Level 3 0.415 kV	Energy Charges 11(Bz/KWh)	

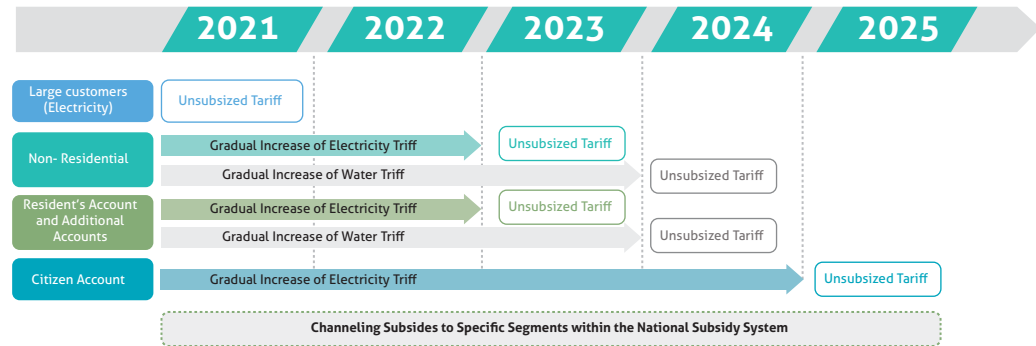


► Electricity and Water Subsidy Reform

The government of the Sultanate of Oman approved the Subsidy Reform program raised by “Tawazun” for the electricity and water sectors. This new approach was approved by the government in line with the rest of the countries that have changed the Subsidy mechanism that was extended blankly to all groups of customers to a new mechanism that relies on directing Subsidy to specific groups in the society. To ensure smooth implementation, and transparency of the new approved tariffs, the Authority, in coordination with the electricity distribution companies, supervised the implementation of the tariffs to the different customer categories. The government has approved this initiative to achieve the following objectives:

- ◆ To enhance the social safety net system in Oman in line with Oman 2040 vision;
- ◆ To achieve financial sustainability;
- ◆ To promote a culture of rational consumption and raise the efficiency of government spending;
- ◆ To encourage the use of other energy alternatives such as solar energy and reduce dependence on gas and mitigate pollution; and
- ◆ To encourage the private sector investments, promote competition to improve the provided services.

In 2020 the Council of Ministers approved the new mechanism of the Subsidy Reform program through redirecting it to specific groups in the society, reclassifying customer categories, approving the new tariff structure, and enhancing the social safety net system. The Subsidy will be gradually lifted based on the customer category, starting from January 1, 2021 until 2025:



► National Subsidy System for Electricity and Water

In order to provide protection to vulnerable citizens, the government developed a platform called National Subsidy System (NSS) to facilitate provision of Subsidy to eligible Omani households to mitigate the impact from implementation of the electricity and water Subsidy Reform program. The NSS platform is supervised by the National Subsidy System Committee (formerly the Fuel Price Establishment Committee).

Eligibility is met based on both the size and income criteria of the household, according to the table below:

Income Criteria of the Household

Number of Household Members	Monthly Income of Household (OMR)	Eligibility
REGARDLESS OF THE NUMBER OF MEMBERS	OMR 500 OR LESS	COVERED
FIVE MEMBERS OR MORE	OMR 750 OR LESS	COVERED
SEVEN MEMBERS OR MORE	OMR 1000 OR LESS	COVERED
NINE MEMBERS OR MORE	OMR 1250 OR LESS	COVERED
REGARDLESS OF THE NUMBER OF MEMBERS	MORE THAN OMR 1250	NOT COVERED





Chapter Four: Regulation



Legal and Regulatory Affairs

The Authority is responsible for providing advices and legal opinions to the board of the Authority and all its Directorates to ensure that all decisions of the Authority comply with the requirements of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector promulgated by Royal Decree No. 78/ 2004 (Sector Law) and other applicable laws and regulations. In addition, the Authority is responsible for maintaining channels of communication with the relevant Government entities and competent authorities for all regulatory matters and data.



The following table is clarifying the type of the Licences which granted to the companies (Licensees) in accordance to the regulated activities.

Licenses classification as per the activity type

The type of the Licence	License
Generation Licence	13
Generation and Desalination Licence	4
Desalination Licence of a Special Nature	6
Electricity Transmission and Dispatch Licence	1
Distribution and Supply Licence	4
Granted Licence to Rural Areas Electricity Company SAOC	1
Granted Licence to Oman Power and Water Procurement Company SAOC	1

Applications for Licence:

1. Granted a Generation Licence (Renewable Energy) to Amin Renewable Energy Company SAOC (AREC) effective from 30 January 2020 for a period of 25 years, to undertake the activity of electricity Generation from its Production Facilities located in Shalim in the Dhofar Governorate with a maximum Production Capacity of (100 MW) which will be procured by Petroleum Development Oman (PDO).
2. Granted a Generation Licence to Al Ghubrah Power and Desalination Company SAOC effective 08 June 2020 to undertake the regulated activity of electricity Generation up to a maximum installed capacity of 361.82 MW in Manah Power Plant, for the purposes of ancillary services, as per the provisions of the Ancillary Services Agreement entered into between the GPDCO and OPWP.
3. Reviewed the Licence Application submitted by Shams Ad-Dhahira Generating Company SAOC (SAG) for a Generation Licence (Renewable Energy) to undertake the regulated activity of the Generation of electricity from its Production Facilities located in Wilayat Ibri, Ad Dhahirah Governorate, with a maximum Production Capacity of (500MW) and to be procured by Oman Power and Water Procurement Company S.A.O.C (OPWP).

The Modification of Licence and Renewing some Exemption Orders:

In 2020, the Authority

1. Renewed some Exemption order on the same terms and condition, granted to each of:

- ◆ Sohar International UREA & Chemical Industries L.L.C
- ◆ Oman Cement Company S.A.O.G,
- ◆ Oman India Fertiliser Company S.A.O.C,
- ◆ Petroleum Development Oman L.L.C,
- ◆ Oman LNG Company L.L.C,
- ◆ Barr Al Jissah Resort Company S.A.O.C

To authorize the aforementioned companies to continue undertaking their regulated activities from their production facilities and/ or electricity networks. The terms of the Exemptions Orders will be extended for a period of (15) years from 01 May 2020.

2. Renewed the Exemption Order on the same terms and conditions granted to Occidental of Oman Inc to continued undertaking its regulated activity from its production facilities. The terms of the Exemption Order will be extended for a period of (15) years from 10 December 2020.
3. Modified OETC and OPWP Licence by adding new Licence Conditions related to the inception of the Spot Market. These modifications are effective from 20 January 2020.
4. Modified Rural Areas Electricity Company SAOC (RAEC) Licence by allocating the regulatory responsibilities in the Authorised Area of Al Duqm to the Duqm Special Economic Zone Authority (SEZAD). The modification is effective from 1 January 2020 as implementation for the Royal Orders.

► Revocation

The authority commenced in 2020 the following:

1. 1. Revoked the Licence of United Power Company SAOG due to the expiry of Power Purchase Agreement with OPWP. The Revocation of the License is expected at the beginning of the year 2021.

► Consent for Disposal of Assets, transfer of assets and Article (106) In 2020, the Authority

1. Received letters from the OETC Licensee requesting the Authority's consent on disposal of old vehicles. The Directorate reviews the requests in coordination with Technical and Economic Directorate.

Upon on their view, the Authority issued the consent letter to OETC.

2. Reviewed and granted Article (106) consent to Shams Ad-Dhahira Generating Company SAOC (SAG).
3. Issued instructions of transfer of RAEC desalination plants to Public Authority of Water (PAW).

► Regulations issued:

The authority, in execution of the Royal Orders, has Drafted, finalised and managed the publication to each of:

1. The Customer Welfare Regulation was issued in the Official Gazette by Decision No. (4/ 2020), effective from 26 July 2020,
2. The Cost Reflective Tariff Regulation was issued in the Official Gazette by Decision No. (5/ 2020), effective from 01 January 2021,
3. The Permitted Tariff Regulation was issued in the Official Gazette by Decision No. (6/ 2020), Effective from 01 January 2021,
4. The modification of the Drinking Water Tariff Regulation was issued in the Official Gazette by Decision No (7/ 2020), Effective from 01 January 2021.

► Court cases:

The legal department represents the authority before the Omani courts (ordinary and administrative judiciary) in all litigation levels (Preliminary, Appeal and Supreme), subject to the right of any Person with interest to appeal against a decision or procedure issued by the Authority.

► Funding & Regulatory Costs

The Authority recovers all of its costs through licence fees that apportion the Authority's costs on the basis of the time expected to be spent regulating each activity. The table presents licence fees income by regulated activity and the number of Licence Holders by activity, for 2012 to 2021, inclusive.

Licenses Fees 2012 to 2021

	Rial Omani	Generation	Generation & Desalination	Desalination	Transmission & Despatch	Distribution & Supply	RAEC Activities	PWP Activities	PWP: Electricity	PWP: Related Water	PWP: Salalah	Generation (Renewables)	Gas Transmission	Total Fee income
2012	Fees	213.048	241.359		427.785	620.676	211.216	386.074	145.075	14.176	386.074	0	0	2.100.158
	# licenses	6	5		1	3	1	1						17
2013	Fees	312.470	241.359		410.674	777.914	211.216	179.733	151.381	28.353	0	0	0	2.133.367
	# licenses	8	5		1	4	1	1						20
2014	Fees	359.341	334.117		595.477	1.127.975	306.263	283.776	227.071	56.705	0	2.000	0	3.008.949
	# licenses	8	5		1	4	1	1				1		21
2015	Fees	427.491	417.316		848.124	908.704	331.875	356.897	272.611	84.286	0	2.000	0	3.292.407
	# licenses	8	5		1	4	1	1				1		21
2016	Fees	386.040	366.045		553.799	855.872	275.805	296.600	226.554	70.046	0	2.000	0	2.736.161
	# licenses	8	5		1	4	1	1				1		21
2017	Fees	413.696	375.822	70.357	539.405	1.382.226	470.514	410.417	337.128	73.289	0	2.000	0	3.664.437
	# licenses	8	5	3	1	4	1	1				1		24
2018	Fees	496.377	416.560	112.636	910.757	1.593.824	635.550	782.063	683.067	98.995	0	2.000	0	4.949.767
	# licenses	9	5	4	1	4	1	1				1		26
2019	Fees	597.386	423.643	124.950	673.560	1.571.640	716.511	771.177	673.560	97.617	0	2.000	0	4.880.868
	# licenses	10	5	5	1	4	1	1				1		28
2020	Fees	652.233	362.751	152.786	549.076	1.921.472	947.381	785.815	686.345	99.470	0	2.000	0	5.373.514
	# licenses	10	4	6	1	4	1	1				1		28
2021	Fees	671.634	361.652	139.497	577.065	1.993.496	980.056	876.328	786.906	89.421	0	4.000	357.685	5.961.412
	# licenses	10	4	6	1	4	1	1				2	1	30

Changes in licence fees year on year reflect the changing scope of regulatory work as the electricity and related water sector market develops. The cost of electricity and related water sector regulation in 2020 was around 4.1 Rial Omani per Customer account, more than one tenth of one baiza per kWh Supplied and less than 0.25% of total electricity and related water sector turnover, metrics the Authority believes compare favorably to international benchmarks of regulatory costs.



► Health, Safety and Environment:

Pursuant to its duties under the Sector Law, the Authority continued its efforts to increase awareness of the importance of health and safety in a number of ways, including:

- ◆ Following and reviewing business continuity plans of the Discos and OETC to address the Pandemic outbreak of the corona (Covid-19 virus);
- ◆ Conducting comprehensive Environmental audit of Discos and OETC;
- ◆ Following up the implementation of the Health and Safety audits recommendations of OETC and MPC;

◆ Following up with the implementation of Discos to the Authority directives regarding the Unsafe Electricity Assets.

► Fatal Accidents

Despite the increased efforts to improve safety across the electricity sector, the number of fatal injuries continued to be a concern in 2020. Regrettably, lives are still lost by people working in the electricity sector, with four death reported cases to the Authority in 2020.

Date	Location	Licensee	Incident
5 February 2020	Haima-Thumraiyyt road	Sub-contractor of Amin Renewables Energy (PDO)	A subcontractor driver hit a camel on the main Haima-Thumraiyyt road. The Van was carrying 5 passengers and a driver. Two passengers died on the spot, driver sustained fractures and other three persons had minor injuries.
30 June 2020	Yanqul	Sub-Contractor of Swiss Boring (Ibri IPP)	One of the workers for the Sub Contractor of Swiss Boring (who in turn are subcontractor to China Huadong) has been found deceased (hanging from a trailer) by the Royal Omani Police, off site approx. 8 KM away from the construction site of Ibri IPP.
5 December 2020	Barka	Third Party - Public (MZEC)	A child was killed when touched a street light live conductor. MZEC investigation highlighted that the protection system of the street light was not installed properly. The Authority emphasized the necessity of following the issued directives to the governors regarding dangerous electrical assets.

► The Authority Technical Regulation

The Authority is responsible for approving technical standards and for monitoring compliance with Industry Codes, planning and operating standards, and Oman Electrical Standards. The Authority participation is represented mainly in technical, health and safety investigations within the Grid Code and Distribution Code Review Panels.

During 2020, the Authority has reviewed a number of businesses and initiatives, so that it can achieve its objectives and endeavors during 2020, including the following:

1. All 2020 system Capability Statement of MEDC, MJEC, MZEC, DPC, RAEC and OETC were reviewed;
2. Follow-up to ensure the recommendations from health and safety audits of MEDC and RAEC of 2015, MZEC and MJEC in 2016, OPWP in 2018 and OETC and DPC in 2019 were implemented;
3. Conducted an audit to review the Network Performance Indicator by Licensees;
4. Concluded the Scheduling and Dispatch Audit to OETC which started at the end of 2019;
5. Engaged in the health and safety awareness to the public about the risks of electric water coolers;
6. Reviewed SCADA/DCS Cybersecurity annual reports submitted by the Licensee;
7. Conducted an audit of significant incident reporting for Discos and RAEC;
8. Conducted a review of smart meters' cyber security requirements;
9. Conducted a technical review of Discos performance against price control allowances;
10. Reviewed the progress of MIS Distribution licensees with regard to compliance

of their networks with the Distribution System Security Standards to assess the level of non-compliance and determine associated penalties;

11. Reviewed and assessed the level of non-compliance by OETC with regard to their performance of the Dispatch incentive mechanism and determined the associated penalties;
12. Reviewed the contingency plans and the derogation requests of the different Distribution Licensees against the requirements to comply with the Distribution System Security Standards.
13. Reviewed the technical requirements for License and License exemption applications;
14. Performed technical analysis related to increased cycling of generation in the MIS.

► Scheduling and Dispatching Audit of OETC

In 2020, the Authority completed the Scheduling and Dispatch audit of Oman Electricity Transmission Company (OETC). The audit objective was to determine the compliance of OETC's Scheduling and Dispatch activities with the sector law, Electricity Transmission and Dispatch License, Grid Code, and all relevant contractual operational obligations within Power Purchase Agreements (PPAs).

The audit identified areas for improvements which were translated in clear recommended actions. The Authority will continue to follow-up with OETC to ensure its compliance with the License Conditions and the Scheduling and Dispatch Code.

► New Regulation and Standard of Electricity Metering System Cyber Security

In October 2020, the Authority appointed PA Consulting to assist in the development of new regulation and standard of electricity metering system Cyber Security. The scope of work covered a desktop review of international experience and different approaches implemented for cyber security standards/regulations of electricity metering devices and electricity metering system. In

addition, assessment of the Licensees policies and procedures had been carried out to ensure the security of electricity metering devices and to assess the configuration of end user metering system in distribution networks. Finally, the Consultant undertook a cost assessment for implementing the cyber security requirements for metering system including cost benefit analysis of different options for in the new regulations in order to propose new regulations suitable for Oman. The new regulation will set up the minimum requirement to safeguard smart metering system from cyber-attacks. The work will be concluded in 2021.

➤ Environmental Audit of Discos and OETC

In 2020, the Authority aimed to complete the Environmental Audit of five Licensees (MEDC, MJEC, DPC, MZEC and OETC). However, due to the pandemic caused by the Coronavirus (COVID-19) outbreak, the Authority was unable to finalise the site visits to the last Company on the schedule of site visits. Therefore, the Authority postpone the audit activities of the operational sites of MZEC. Four licensees were audited during 2020. The scope of the audit covered the following aspects.

1. The Licensee compliance with the statutory obligations pertaining to environmental law and applicable Environmental Standards prevailing in the Sultanate of Oman.
2. Evaluation of the mechanism followed by the licensees to manage all aspects of their environmental compliance responsibilities.

The audit identified some areas of good practice, but also areas for improvements. The Authority will keep following up with the licensees to ensure implementing the recommendations and the compliance with the environmental low and standards.

As an additional step, the Authority issued guidelines to the networks companies with environmental targets and measures (KPIs). The guidelines also offer advice on how these KPIs should be implemented.

➤ Price Control Technical audit of Distribution License and RAEC

The Directorate initiated its Technical Review of Price Control which is an audit of the technical performance of the Licensees and how they used the Price Control allowances in different aspects that are technical in nature, such as project development, technical training, asset management, etc. The result of the audit will be used to assist in determining and setting the allowances required for the upcoming Discos and RAEC Price Control review.

➤ Grid Code Review Panel

The Grid Code Review Panel (GCRP) met four times during 2020, see Table below.

Grid Code Review Panel meetings in 2020

Meeting	Meeting date	Chaired by	Location
GCRP 60	10-Feb-20	OETC	Muscat
GCRP 61	15-June-20	OETC	Online
GCRP 62	31-Aug-20	OETC	Online
GCRP 63	09-Nov-20	OETC	Online

► Distribution Code Review Panel

The Distribution Code Review Panel (DCRP) met four times during 2020, see Table below.

Distribution Code Review Panel meetings in 2020

Meeting	Meeting date	Chaired by	Location
1/ 2020	12-Feb-20	MJEC	Muscat
2/ 2020	23-June-20	MJEC	Online
3/ 2020	25-Aug-20	MJEC	Online
4/ 2020	10-Nov-20	MJEC	Online

During 2020 the DCRP continued its efforts to improve the product and contractor approval processes. The DCRP continued to improve its internal processes and procedures to be more efficient in product and contractor approvals, and to expedite processes for SME companies, companies that meet their Omanisation requirements, and suppliers of Omani products. DCPR also took proactive steps to enhance the capability of the market to provide competent PV installers and to improve the safety of those working in the electricity sector.

In 2020 the DCRP issued 17 new product approvals including 19 Oman products and certified 56 contractors. In line with the national strategy to enhance the deployment of solar energy, DCRP certified 33 solar installers and approved 3 solar energy training programs and 1 HSE training institutes. In addition, the DCRP continued to assess and approve protection engineers, such that by the end of 2020 there were 54 protections and testing and commissioning engineers with valid DCRP competency certificates working for contractors and consultants including 42 engineers from the distribution companies.



► Customer Care

The Authority of public services regulation is responsible for protecting and promoting the interests of electricity customers. The Authority carries out these functions by resolving complaints, monitoring and ensuring performance of customer related license obligations by distribution and supply licensees and enhancing customer awareness of the legal and regulatory framework and the standard of service to which they are entitled.

In 2020 the Authority:

1. Continued monitoring the distribution and supply licensees' performance against a number of Key Performance indicators (KPIs), according to customer service incentive scheme for 20182021- price control.
2. Developed and finalized a unified audit methodology to be used by all distribution and supply licensees to verify their performance against the customer's service KPIs.
3. Required all distribution and supply licensees to verify their performance against the customer's service KPIs via qualified auditors using the common audit methodology approved by the Authority.
4. Assisted the legal team in preparing and finalizing the Customer Welfare Regulation.
5. Contributed to "Doing Business Report 2020" published by the World Bank through "Getting Electricity" section.
6. Participated in the establishment of the Homeowner's Guide to Energy Efficiency.
7. Received 73 new official customer complaints.
8. Advised around 600 customers on their rights and responded to enquires. This include how to progress customer complaint using the approved complaint handling procedure.

► Compliance, Framework & Codes

The Authority is placing considerable monitoring efforts to drive performance in less performing companies comparing to others, while continuing to encourage companies that were performing efficiently to maintain their position.

In 2020, the Authority continued monitoring the distribution and supply licensees' performance against a set of Key Performance Indicators (KPIs) that cover certain activities, including Meter Reading, Billing, Customer Complaints, and Customer Connections. The KPIs were linked to financial rewards/penalty as part of customer service incentive scheme applied since January 2018, according to price control 2018- 2021.

The licensees' performance for 2019 was evaluated by the Authority based on rewards and penalties in accordance with the scheme specified in the Schedule Charge Restriction Conditions and the outcomes were communicated to each licensee.

The Authority also developed and finalized a unified audit methodology that was circulated to all distribution and supply licensees. The unified methodology was used by the appointed external auditors to audit the performance against the KPIs prior to sending the final report to the Authority. This facilitated the performance's review by the Authority's team and eased misinterpretations of the KPIs, information extractions or calculations.

► Complaints and determinations

It is the Authority's policy, as set out in the approved Complaint Handling Procedure, that licensees must first be given an opportunity to resolve customer complaints. Should they fail to resolve the matter to the satisfaction of the customer, or within the timeframes specified in the Complaint Handling Procedure, the customer may refer the case to the Authority. The Authority has legal powers to determine how such complaints should be resolved.

The Authority made 75 precedent decisions in the period 2005 – 2017, covering all main categories of complaint. The Authority also issued the Customer Welfare Regulation in 2020 that covers a wide range of issues related to electricity customers.

The Authority will continue to make further Determinations when it is necessary to set a further precedent and when a Customer does not accept the resolution of his dispute on the basis of precedent and wishes to pursue the matter in Court.

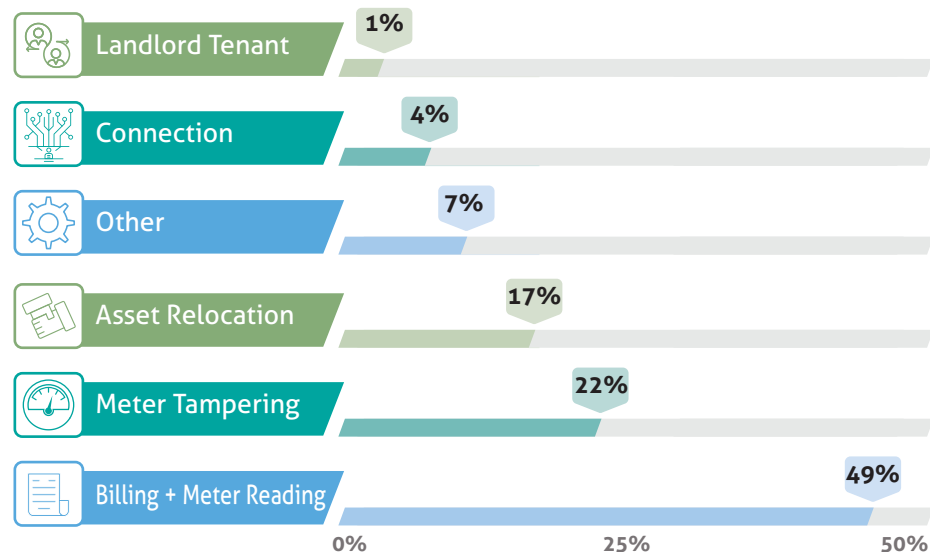
The figure of 73 complaints received during 2020 was a slight decrease on the 91 complaints received during 2019. Figure below presents an analysis of the issues that were the cause of those 73 complaints.

The number of billing related complaints recorded in 2020 decreased from 64 to 36, which is 49% of the annual total. This still reflects problems experienced by licensees and their agents with meter readings and with the accuracy of estimated bills. The number of complaints relating to asset relocation slightly increased in 2020.

Categories of Customer Complaint in 2019 & 2020

Complaint Issue	2019		2020	
	#	%	#	%
Billing + Meter Reading	64	70%	36	49%
Meter Tampering	9	10%	16	22%
Landlord Tenant	1	1%	1	1%
Asset Relocation	9	10%	12	16%
Connection	2	2%	3	4%
Other	6	7%	5	7%
Total	91	100%	73	100%

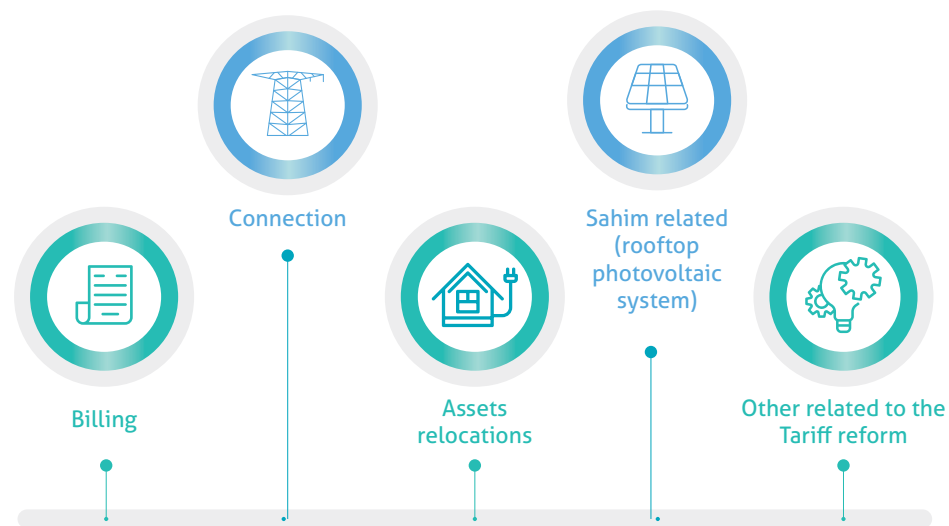
Complaint Issues 2020



Customers Relation

In addition to the official complaints received, the Authority provides advice to customers who contact the Authority before raising the matter formally with their licensed supplier or before they have received a formal response from their supplier. The Authority advises customers of their rights and, where appropriate, of precedent decisions taken in similar cases, as well as the procedure to be followed.

In 2020, the Customer Relation team, the first point of contact in the Authority, received customers with various enquiries and complaints. The Directorate registered more than 600 records from different channel (walk-in, calls, emails, what's App and social media) most of them were related to:



The team managed to answer and direct them to the right point of contact both internally and externally.

In addition, the team have reviewed and re-arranged the current Know Your Rights 3 booklets and merged them into one Customer Guide in Arabic & English, and introduced a new customer friendly design.

Furthermore, the team participated in the establishment of the Homeowner's Guide to Energy Efficiency. A guide that explains how easy it is to reduce the energy consumption at home. The team provided constructive comments throughout the project life.

Meter reading and billing procedures:

As part of the Authority's efforts to enhance the customer services and in response to the complaints of customers with regards to the high electricity bills issued in August 2020, the Authority met with the boards of directors and CEOs of distribution and supply companies to discuss the issue. Accordingly, the Authority instructed all licensed companies to conduct a review and audit of the

meter reading and billing process from July to September 2020 to evaluate the relevant systems and procedures to ensure the accuracy of the meter reading and billing data.

After the authority reviewed the results of the audit, there were observations that required immediate action to develop the meter reading and billing procedures implemented by the licensed companies. Accordingly, the Authority issued Decision No. (1/ 2020) of the procedures that companies must follow when issuing electricity bills. The decision included the following:

- ❖ The licensees of distribution and supply are obligated to issue monthly invoices with an actual reading of the customers, reflecting a consumption period ranging between 2832- days only.
- ❖ Procedures for issuing estimated invoices to customers in the event that the actual reading cannot be taken.
- ❖ Procedures for making modifications to the customer's bill.



➤ Energy Efficiency

Consistent with previous efforts to raise energy efficiency in the Sultanate, the Authority continued to support government agencies in 2020 with their energy efficiency projects, such as collaborating with the Ministry of Commerce and Industry and Investment Promotion in developing energy efficiency standards for electrical appliances as well as initiating new projects and initiatives such as raising awareness through publishing the Homeowner's Guide to Energy Efficiency and developing a mobile application and launching Kafaa W Atta initiative that aims to provide vulnerable households with energy efficient air conditioners.

The outbreak of the COVID-19 pandemic has impacted a number of projects, such as the Government Buildings Auditing and Retrofitting Program, however, the Authority continues to follow up on these projects with the aim to commence implementation the soonest conditions improves.

Below is a summary of the progress accomplished in 2020.

➤ Government Buildings Auditing and Retrofitting Program

With the objective to assist the government in its endeavors to reduce costs and raise energy efficiency, the Authority launched the Energy Services Companies (ESCO) Program to enable government facilities contract the services of these companies. ESCOs offer comprehensive energy solutions to customers, which includes energy audits, building retrofitting, and changing energy consumption patterns to ultimately improve energy efficiency.

➤ The First Phase

In August 2019, fourteen government buildings were selected for the first tender and the proposals submitted by ESCOs were evaluated. The plan was to award the tender after the completion of the Investment Grade Audit Agreement (IGA) of each government building, which was supposed to be conducted during 2020, however, the outbreak of COVID-19 pandemic and the restructuring of the state's administrative apparatus led to a delay in program implementation. The Authority remains resilient in its efforts to complete the remaining phases of this project and discuss the program rationale with the relevant government bodies.

➤ The Second Phase

In 2019, the Authority selected a number of government buildings to be included in the second phase of the project, which incorporates a mandatory solar energy system along with energy efficiency services. The Authority planned in 2020 to conduct a site survey study for each of the selected buildings and a company was appointed to undertake this task, however the study was put on hold due to the outbreak of COVID-19 pandemic.

➤ Energy Efficiency Awareness Initiatives

➤ Social Media websites

The Authority published a number of energy efficiency tips and guidelines on

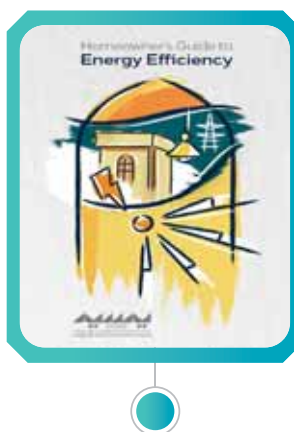
various social media platforms. The messages focused on the efficiency of home appliances and natural cooling methods. More than 30 posts were published with an average of 10,000 views per post.

► Energy Efficiency Guide

The Authority published the Homeowner's Guide to Energy Efficiency in the second quarter of 2020. This guide illustrates how easy it can be to reduce energy consumption at homes through following simple and smart steps. The guide includes useful advice and information on effective cooling and lighting systems as well as best practices in the usage of electrical appliances. Additionally, the guide explains home weatherization that can protect homes from weather conditions, for example through thermal and air insulation, natural cooling methods, and landscaping.

The guide concludes with an overview of the renewable energy initiative "SAHIM".

The guide is available in English and Arabic on the Authority's website.



► Energy efficiency initiatives for electrical appliances

► Energy efficiency standards and specifications

In collaboration with the Ministry of Commerce, Industry and Investment Promotion, the Authority has finalized, during the last quarter of 2020, the development of energy efficiency standards and specifications for four electrical appliances, namely; refrigerators, water heaters, energy-saving lamps (LEDs) and washing machines. These standards and specifications will be issued by the Ministry as national standards. These standards implementation aims to prevent the entry of low-quality products and those by which high energy is consumed. Further, such standards and specifications clearly help to distinguish energy-

efficient devices through reading the energy efficiency label affixed to the products covered by the standards.

► A comprehensive study to phase-out inefficient lights

The Authority submitted a recommendation to the Ministry of Energy and Minerals in March 2020 recommending a comprehensive approach to raise lights efficiency in the Omani market.

It was agreed that the Authority will conduct the study of phasing-out inefficient lights in cooperation with the Ministry of Energy and Minerals and the Ministry of Commerce, Industry and Investment Promotion.

The Authority commenced the project in November 2020 with the request of advisory services.

The project aims to provide a recommendation to the government in developing a national policy to phase-out inefficient lights and adopting the optimal program to implement the policy and set the required regulations that can fully or partially restrict the manufacture, import or sale of ineffective public lighting in the Sultanate of Oman.



► Market Studies:

► Electric Vehicles in Oman

The Authority intends to enable public services to be accessible for such products as part of the Authority's Vision and mandate in establishing electric vehicle policy with regards to charging infrastructure. The Authority commends the current policies, including the requirement for all new petrol stations to have charging structure installed within them, and encourages private sector investment in the infrastructure. To supplement this the Authority suggests studying electric vehicle driver charging behaviour to implement a national geographical prioritisation policy for charging infrastructure.

➤ Consumers' experiences with electricity consumption during the lockdown of COVID-19 pandemic:

In November 2020, The Authority for Public Services Regulation (APSR) began polling residential electricity consumers

- ◆ to assess in understanding the impact that lockdown measures had on their electricity consumption, their financial well-being and if they know what to do, should they need assistance with paying electricity bills or contacting suppliers, in particular, on customer behavior and interactions.
- ◆ to inform us in relation to contingency planning for any resurgence of COVID-19 or other similar situations in the future and also to inform the direction of future service delivery channels in order to enhance resilience.

The study relied on the descriptive and inference statistics approach by using the questionnaire tool to collect the data. The study population consists of all residential consumers in the sector that exceeds (954,474) accounts according to the data that available from supply electricity companies until November 2020, and the total sample was more than 1,200 consumers from all the governorates of the Sultanate.







Chapter Five: Towards Excellence



► Human Wealth

In recognition of the importance of the human wealth, the Authority have constantly sought to provide a comfortable work environment that helps employees perform their tasks with the highest level of professionalism. The Authority employs a recruitment approach to attract competencies and talents to enhance its capabilities, which leads to the empowerment of human resources and building a knowledge economy led by local capabilities. The Authority also invests in developing employees through focusing on training programs to provide employees with the required professional and technical skills. In 2020, the Authority attracted the best competencies and distinguished experiences from the labor market. The authority will continue to develop the human wealth within the organization by encouraging creativity and innovation within the workplace.



► Communication and Media

The Authority seeks to highlight its efforts and activities through social media platforms and in various media channels, in order to communicate with customers and deliver correct information, and receive complaints and feedback from them.

During the year of 2020, the Authority worked on the Tariff Reform campaign in cooperation with the National Programme of Fiscal Balance by publishing publications explaining the new tariffs and the categories as well as the subsidy mechanism through the National Subsidy System.

The Authority also raised awareness about the issue of external water coolers, and recommended to check the connections of the drinking water cooler regularly. It also stressed on the adherence to the Omani electrical specifications and safety standards related to electrical connections.

In addition, the Authority focused on posting awareness messages and publications on energy efficiency and rationalization of consumption on the Authority's social media pages.

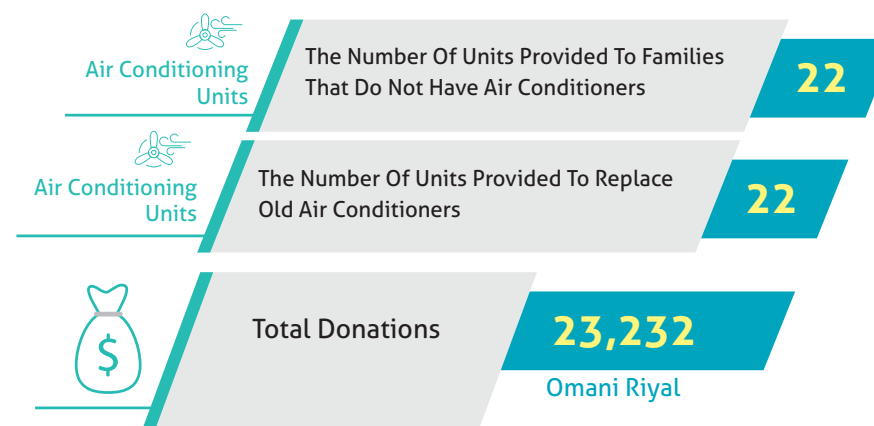


► Social Development (Kafaa w Ataa)

Kafaa w Atta Initiative was implemented in cooperation with Dar Al Atta, Thawani and Be'ah, and launched in July 2020 with the aim of helping low income families by replacing the old air conditioners in their homes with high-efficient air-conditioning appliances. The Authority partnered with charitable organizations that supported the initiative in identifying targeted families. The Authority have also collaborated with Be'ah to recycle old appliances.

This high-efficient air-conditioning appliance contribute to providing proper comfort and cool air at home and reducing energy consumption, thus; reducing electricity bills.

► Initiative Outcomes:



◆ As Of 30 November 2020.



► Digital Transformation:

The Authority's digital transformation journey continued in 2020 to further implement the automation of reporting and data analysis for a business intelligence project with the electricity licensees. In 2020, the Authority adopted the state-of-the-art technologies in virtualization of its data center and begun the adoption of some of cloud solutions to allow for a seamless and secure working environment, while following the standards set by the Ministry of Transport, Communications and Information Technology.

A major transformation was in utilizing the latest technologies in mobile applications by adopting an Augmented Reality solution to fast track the registration of solar PV solutions for the public as an initiative in green energy launched by the Authority in 2019.



► International Cooperation

The Authority is a member of the Energy Regulators Regional Association (ERRA), which aims to support, strengthen and improve the regulatory framework, by intensifying the exchange of information and experiences among its members. Through this membership, the Authority was able to benefit from the organizational expertise of energy regulators from all over the world, by holding periodic and annual meetings in addition to training workshops to better understand the energy industry. The Authority, in cooperation with the Energy Regulators Regional Association (ERRA), held a training course on «Basics of Energy System for Non-Engineers» in the capital, Muscat, during the period of January 26-27 of 2020.

The Authority is also a member of the GCC Electricity Regulators Forum, a regional organization that works under the umbrella of the General Secretariat of the Cooperation Council for the Arab States of the Gulf. This forum aims to exchange

expertise and experiences in electricity regulation among its regulators in member states, and to shed light on experiences in electrical network reliability, rationalization of consumption, security of supplies, improvement of service, raising the efficiency of performance, and other issues related to the electricity sector.

In addition to these global memberships, the Authority is a member in the Gulf Interconnection Advisory and Regulatory Committee, which is responsible for regulating the work of the Electricity Interconnection Authority. The Committee plays an advisory role for the Electricity and Water Cooperation Committee and follows up the implementation of its decisions related to the electrical interconnection project, with the aim of establishing a joint Gulf energy market that paves the way for energy trade among the member states.





Chapter Six: Financial Statements

**AUTHORITY FOR PUBLIC SERVICES
REGULATION (*formerly known as AUTHORITY FOR
ELECTRICITY REGULATION, OMAN*)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Registered address:

P.O. Box 954, PC 133
Al Khuwair, Muscat
Sultanate of Oman

Principal place of business:

First Floor, Building No. 95
Muscat Hills, Block No 9993
Sultanate of Oman

AUTHORITY FOR PUBLIC SERVICES REGULATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Statement of financial position	5
Statement of changes in surplus fund	6
Statement of cash flows	7
Notes to the financial statements	8 - 23



Independent auditor's report to the Directors of Authority for Public Services Regulation

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Authority for Public Services Regulation ("the Authority") as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Authority's financial statements comprise:

- the statement of revenue and expenses for the year ended 31 December 2020;
- the statement of financial position as at 31 December 2020;
- the statement of changes in surplus fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the 2020 Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos, P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865, Tax Card No 8055889

Independent auditor's report to the Directors of Authority for Public Services Regulation (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for the financial statements

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (the Sector Law), and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



3

Independent auditor's report to the Directors of Authority for Public Services Regulation (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Muscat, Sultanate of Oman
21 June 2021



AUTHORITY FOR PUBLIC SERVICES REGULATION

STATEMENTS OF REVENUE AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RO	2019 RO
Revenue from operations	5	5,375,520	4,827,392
Interest income		15,556	21,803
Other income	6	41,031	216,824
		<u>5,432,107</u>	<u>5,066,019</u>
Expenses			
Salaries and employee related costs	7	(2,845,550)	(2,804,723)
General and administrative expenses	8	(506,206)	(779,684)
Consultancy expenses	9	(713,570)	(1,085,090)
Depreciation	17	(228,861)	(136,260)
Provision for expected credit losses	12	-	(53,152)
Interest expense	14	(88,927)	(62,184)
Total expenses		<u>(4,383,114)</u>	<u>(4,921,093)</u>
Surplus for the year		<u>1,048,993</u>	<u>144,926</u>

There is no other comprehensive income for the year ended 31 December 2020 and 31 December 2019.

The accompanying notes on pages 8 to 23 form an integral part of these financial statements.


Independent auditor's report – pages 1 - 3.

AUTHORITY FOR PUBLIC SERVICES REGULATION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 RO	2019 RO
ASSETS			
Non-current asset			
Property and equipment	17	3,949,402	2,899,445
Current assets			
Other current assets	18	140,235	185,805
Trade receivables	12	-	4,500
Cash and cash equivalents	13	1,981,120	2,061,268
		2,121,355	2,251,573
Total assets		6,070,757	5,151,018
RETAINED SURPLUS FUND AND LIABILITIES			
RETAINED SURPLUS			
Retained surplus fund	20	3,693,597	2,644,604
LIABILITIES			
Non-current liabilities			
Other liability	14	1,045,386	1,445,338
Employees' end of service benefits	19	4,440	57,907
		1,049,826	1,503,245
Current liabilities			
Other liability	14	381,922	365,919
Employees' end of service benefits	19	59,196	42,982
Accruals and other payables	15	886,216	594,268
		1,327,334	1,003,169
Total liabilities		2,377,160	2,506,414
Total retained surplus fund and liabilities		6,070,757	5,151,018

The financial statement on pages 4 to 23 were approved by the Board of Directors and were signed on the Authority's behalf on 17 JUN 2021


.....
Chairman of the Board


.....
Chairman of the Authority

The accompanying notes on pages 8 to 23 form an integral part of these financial statements.

Independent auditor's report - pages 1 - 3.

AUTHORITY FOR PUBLIC SERVICES REGULATION

STATEMENT OF CHANGES IN SURPLUS FUND FOR THE YEAR ENDED 31 DECEMBER 2020

	Retained Surplus fund RO
At 1 January 2019	2,499,678
Surplus for the year	144,926
At 31 December 2019	<u>2,644,604</u>
At 1 January 2020	2,644,604
Surplus for the year	1,048,993
At 31 December 2020	<u>3,693,597</u>

The accompanying notes on pages 8 to 23 form an integral part of these financial statements.
Independent auditor's report - pages 1 - 3.

AUTHORITY FOR PUBLIC SERVICES REGULATION

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RO	2019 RO
Cash flows from operating activities			
Surplus for the year		1,048,993	144,926
Adjustment for:			
Depreciation	17	228,861	136,260
Employees' end of service benefits expense	19	11,478	15,894
Interest income		(15,556)	(21,803)
Interest expense	14	88,927	62,184
Loss on sale of property and equipment		15,761	-
Operating cash flow before employees end of service benefits paid and working capital changes		1,378,464	337,461
Employees' end of service benefits paid	19	(48,731)	(44,658)
Working capital changes			
Other current assets		45,570	(115,569)
Trade receivables		4,500	15,316
Accruals and other payables		291,948	223,974
Net cash generated from operating activities		1,671,751	416,524
Cash flows from investing activities			
Purchase of property and equipment		(1,680,355)	(1,056,494)
Proceeds from sale of property and equipment		1,827	-
Interest received		15,556	21,803
Net cash used in investing activities		(1,662,972)	(1,034,691)
Cash flows from financing activity			
Interest paid	19	(88,927)	(62,184)
Net change in cash and cash equivalents during the year		(80,148)	(680,351)
Cash and cash equivalents at the beginning of the year		2,061,268	2,741,619
Cash and cash equivalents at the end of the year	13	1,981,120	2,061,268

The accompanying notes on pages 8 to 23 form an integral part of these financial statements.

Independent auditor's report - pages 1 - 3.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Legal status and principal activities

The Authority for Public Services Regulation ("the Authority") is primarily engaged in the regulation of the electricity, gas and related water sector in the Sultanate of Oman. The Authority was established under Article 19 of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector ("the Sector Law") promulgated by the Royal Decree 78/2004 issued on 1 August 2004. Under the Sector Law regulating the Authority's activities, the Authority levies fees on licensee companies that will enable the Authority to recover an amount not more than its expenses. Accordingly, surplus of income over expenses are held as explained in Note 8 to the financial statements. The Authority, by virtue of Royal Decree 78/2020, was further assigned with the regulation of the activity of the natural gas transportation. Moreover, the Authority was mandated to regulate the water and sewage sector activities in the Sultanate of Oman, under the Royal Decree 131/2020.

In 2020, the Authority changed its name to Authority for Public Services Regulation from Authority for Electricity Regulation, Oman.

2 Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies are summarised below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the requirements of the Sector Law of the Sultanate of Oman.

(b) Historical cost convention

These financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity or area where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(c) New and amended standards adopted by the Authority

The Authority has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to IFRS 3 – definition of a business, (effective on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 on the definition of material, (effective on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 1, (effective on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards, (effective on or after 1 January 2020)
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions, (effective on or after 1 June 2020)

COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020 introduces an optional practical expedient for leases in which the Authority is a lessee – i.e. for leases to which the Authority applies the practical expedient, the Authority is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) *New standards and interpretations not yet adopted*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Authority's accounting periods beginning on or after 1 January 2021 or later periods. The Authority has not early adopted them, and these standards are not expected to have a material impact on the Authority in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 2, (effective on or after 1 January 2021)
- Annual Improvements to IFRS Standards 2018–2020, (effective on or after 1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment — Proceeds before Intended Use, (effective on or after 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract, (effective on or after 1 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework, (effective on or after 1 January 2022)
- Amendments to IFRS 17 – Insurance Contracts, (effective on or after 1 January 2023)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, (effective on or after 1 January 2023)

2.2 Foreign currency translation

The financial statements have been presented in Rial Omani (RO), which is the functional and presentation currency of the Authority.

Foreign currency transactions are translated into the presentation currency of the Authority, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items of statement of financial position at year-end exchange rates are recognised in the statement of revenue and expenses under 'other income or other expenses'.

In the Authority's financial statements, all items and transactions of the Authority with a transaction currency other than the Rial Omani (the Authority's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date. Income and expenses have been translated into the Authority's presentation currency at the average rates over the reporting period.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

2.3 Revenue recognition

Revenue from operations

Revenue from operations represents license fee from licensees and is recognised over the period when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Authority expects to be entitled in exchange for transferring promised services to the customer.

The consideration expected by the Authority may include fixed or variable amounts. Revenue from operations is recognized when the service is provided to the customer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

2 Summary of significant accounting policies (continued)

2.3 Revenue recognition (continued)

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

2.4 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date.

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Authority as a lessee

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right of use assets

The Authority recognises the right to use assets at the commencement date of the lease i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use asset are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating a lease, if the lease term reflects the Authority exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

2.4 Leases (continued)

(c) *Short-term leases and leases of low-value assets*

The Authority applies the short-term lease recognition exemption to its short-term leases (ie., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.5 Operating expenses

Operating expenses are recognised in the Authority's statement of revenue and expenses at the date the expense has occurred based on the accruals concept.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand which are subject to an insignificant risk of changes in value.

2.7 Retained surplus fund

The retained surplus fund represents the cumulative amount of excess or deficit of income over expenses, which will be offset against future funding requirements in accordance with Article 55 of the Sector Law.

2.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

The Authority classifies its financial assets as follows:

Financial assets at amortized cost.

The Authority determines the classification of financial assets based on the business model it uses to manage the financial assets mid the contractual cash flow characteristics of the financial assets.

(a) *Business model assessment*

The Authority determines its business model at the level that best reflects how it manages Authority of financial assets to achieve its business objective. The Authority's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and die financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(b) Contractual cash flow characteristics test

The Authority assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Authority reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents and receivables fall into this category of financial instruments.

The Authority's financial assets measured at amortized cost are cash and cash equivalent and receivables.

(c) Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the expected credit loss (ECL) model. This replaces LAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included receivables recognised and measured under IFRS15.

Recognition of credit losses is no longer dependent on the Authority's first identifying a credit loss event. Instead the Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- "Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(d) Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Authority makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Authority uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Authority assess impairment of receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

The Authority's financial liabilities include other liability and accruals and other payables, which are measured at amortised cost.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of revenue and expenses under its line items 'finance costs' or 'finance income'.

2.9 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Authority. Property and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on straight-line to write down the cost less estimated residual value of property and equipment other than land. The following useful lives are applied:

Building	Years
Furniture, fixtures and office equipment	20
Motor vehicles	6.67
Computers	5
	3-4

Assets residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised within other income or other expenses in the statement of revenue and expenses.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

2.9 Property and equipment (continued)

Capital work in progress

Projects in the course of completion, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Capital work in progress relates to implementation and support of business intelligence system and data warehouse.

2.10 Impairment test on non-financial assets

For the purpose of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The management of the Authority has reviewed the assets of the Authority and is of the opinion that no impairment has occurred to any of the Authority's assets.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.11 Employees' terminal benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Authority's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The Authority contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Authority and Omani employees are required to make monthly contributions to the Scheme at 11.5% and 7% respectively, of gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan accrued non-Omani staff terminal benefits are payable on termination of employment.

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Authority and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Authority's management.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

2.12 Provisions, contingent liabilities and contingent assets (continued)

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Any reimbursement that the Authority can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision

Probable inflows of economic benefits to the Authority that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.13 Grants related to assets

Government grants in the form of freehold land are credited to statements of revenue and expenses, where no rational basis exists for allocating the grant to a period other than the one in which it was received. Government grants related to assets are credited to deferred grants and recognized in the statement of revenue and expenses over the useful life of the assets constructed or acquired.

3 Financial risk management

The Authority's activities expose it to a variety of financial risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority. Risk management is carried out by the management under policies approved by the shareholders.

3.1 Market risk

The Authority is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The majority of the Authority's financial assets and financial liabilities are either denominated in Rial Omani or currency fixed against Rial Omani. Hence, management believes that there would not be a material impact on the surplus if these foreign currencies weaken or strengthen against the Rial Omani, with all other variables held constant.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority has balances with banks, which are interest bearing and exposed to changes in market interest rates, which is not expected to have a material impact on the financial statements.

3.2 Credit risk

Credit risk is the risk of financial loss to the Authority if a licensee or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables for licensees.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Financial risk management (continued)

3.2 Credit risk (continued)

The Authority's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 RO	2019 RO
Financial assets:		
Cash at bank	1,981,120	2,060,310
Trade receivable	-	4,500
	<u>1,981,120</u>	<u>2,064,810</u>

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Authority deals with local banks with a minimum rating of P-3 only as per the global bank ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties.

Rating	2020 RO	2019 RO
NP	<u>1,980,460</u>	<u>2,060,310</u>

The rest of the statement of financial position item is cash on hand. The stated rating is as per the global bank ratings by Moody's Investors Service.

Credit risk on bank balances is limited as the cash balances are held with reputable local banks. Credit risk on trade receivable is limited as the Authority manages credit risk with respect to trade receivables by monitoring in accordance with defined policies and procedures.

Trade receivable – License fee receivable

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each licensee. All licensees are based in Sultanate of Oman. The potential risk in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

The Authority applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all license fee receivables. To measure the expected credit losses, license fee receivables have been grouped based on shared credit risk characteristic with respect to geographical region and the days past due.

On that basis, the loss allowance on license fee receivable as at 31 December 2020 was RO 53,152 (31 December 2019: RO 53,152).

The table below summarises the maturities of the Authority's undiscounted financial assets at 31 December 2020.

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Financial assets:				
License fee receivable	53,152	-	-	53,152
Allowance for expected credit loss	<u>(53,152)</u>	<u>-</u>	<u>-</u>	<u>(53,152)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Financial risk management (continued)

3.2 Credit risk (continued)

The table below summarises the maturities of the Authority's undiscounted financial assets at 31 December 2019.

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Financial assets:				
Licence fee receivable	57,652	-	-	57,652
Allowance for expected credit loss	(53,152)	-	-	(53,152)
	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>4,500</u>

3.3 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Typically, the Authority ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Authority's maximum exposure to liquidity risks is limited to the carrying amount of financial liabilities recognised at the reporting date, as summarised below:

	2020 RO	2019 RO
Financial liabilities:		
Other liability	1,427,308	1,811,257
Accruals and other payables	886,216	594,268
Employees' end of service benefits	63,636	100,889
	<u>2,377,160</u>	<u>2,506,414</u>

The table below summarises the maturities of the Authority's undiscounted financial liabilities at 31 December 2020, based on contractual payment dates and current market interest rates.

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Non-Interest bearing				
Other liability	78,813	394,064	1,142,785	1,615,662
Accruals and other payables	886,216	-	-	886,216
Employees' end of service benefits	4,440	-	59,196	66,636
	<u>969,469</u>	<u>394,064</u>	<u>1,201,981</u>	<u>2,568,514</u>

The table below summarises the maturities of the Authority's undiscounted financial liabilities at 31 December 2019, based on contractual payment dates and current market interest rates.

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Non-Interest bearing				
Other liability	179,994	185,925	1,445,338	1,611,257
Accruals and other payables	508,945	85,323	-	594,268
Employees' end of service benefits	-	-	100,889	100,889
	<u>688,939</u>	<u>271,248</u>	<u>1,546,227</u>	<u>2,506,414</u>

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3 Financial risk management (continued)

3.4 Fair value measurement and fair value hierarchy

None of the Authority's financial instruments and non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortized cost, approximate their fair values.

3.5 Impact of COVID-19

The COVID-19 pandemic has developed rapidly in 2020 with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. The Authority have taken a number of measures to monitor and mitigate the effects of COVID-19 such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on the Authority's business and results has not been significant. As the operations of the Authority are mainly for regulating public services, demand for the services is consistent and is expected to continue. Moreover, it is the view of the management that the going concern basis of preparation remains appropriate for the Authority and that it has sufficient resources to meet its ongoing obligations and commitments.

4 Critical accounting estimates and judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Authority that have the most significant effect on the financial statements.

Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. At 31 December 2020, management assesses that, the useful lives represent the expected utility of the assets to the Authority. The carrying amounts are analysed in Note 17.

5 Revenue from operations

Disaggregation of revenue from contracts with customers

The Authority's revenue from operations represents the income from license fee charged over time in the following geographical region and service line.

(a) Primary geographical region		2020 RO	2019 RO
Sultanate of Oman		5,375,520	4,827,392
(b) Service line			
License fee		5,375,520	4,827,392

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

6	Other income		
		2020 RO	2019 RO
	Fines and application Fees	39,000	96,844
	Sundry income	2,031	-
	Reimbursement of expenses	-	99,152
	Bad debts recovered	-	20,828
		<u>41,031</u>	<u>216,824</u>
7	Salaries and employee related costs		
		2020 RO	2019 RO
	Salaries and allowances	2,270,846	2,401,185
	Contribution to defined contribution plan	390,006	231,693
	Other employee related costs	173,220	155,951
	End of service benefits for expatriate employees (Note 19)	<u>11,478</u>	<u>15,894</u>
		<u>2,845,550</u>	<u>2,804,723</u>
8	General and administrative expenses		
		2020 RO	2019 RO
	Registration and renewal	107,774	20,345
	Insurance	107,454	89,094
	Rent	71,955	132,840
	Utilities	26,410	25,449
	Communications	25,651	16,634
	Loss on sale of property and equipment	15,761	-
	Advertising and publicity	13,573	68,310
	Printing and stationery	13,082	12,606
	Withholding tax borne by the Authority	8,900	147,123
	Travelling and conveyance	8,540	109,585
	Repairs and maintenance	4,391	3,723
	Legal fees	-	8,623
	Miscellaneous expenses	<u>102,715</u>	<u>145,152</u>
		<u>506,206</u>	<u>779,684</u>
9	Consultancy expenses		
	Consultancy expenses amounting to RO 713,570 (2019: RO 1,085,090) pertains to advisory services from different external consultants for efficient regulation of electricity and related water sector.		
10	Income tax		

The Authority is exempt from taxation as per Article 56 of the Sector Law (2019: Nil).

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

11 Financial assets and liabilities

This note provides information about the Authority's financial instruments, including:

- an overview of all financial instruments held by the Authority
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Authority holds the following financial instruments:

Financial assets	Note	2020 RO	2019 RO
Financial assets at amortised cost			
Trade receivables	12	-	4,500
Cash and bank balance	13	1,981,120	2,061,268
		<u>1,981,120</u>	<u>2,065,768</u>
Financial liabilities	Note	2020 RO	2019 RO
Liabilities at amortised cost			
Other liability	14	1,427,308	1,811,257
Accruals and other payables	15	886,216	594,268
		<u>2,313,524</u>	<u>2,405,525</u>
12 Trade receivables			
		2020 RO	2019 RO
License fee receivable		53,152	57,652
Less: Allowance for expected credit losses (Note 12.1)		<u>(53,152)</u>	<u>(53,152)</u>
		-	4,500

(i) Classification as trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised fair value.

The Authority holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Authority's impairment policies and the calculation of the loss allowance are provided in note 3.2.

(ii) Carrying and fair values of trade receivables

The carrying amounts of the Authority's trade receivables are denominated in Rial Omani. Due to the short-term nature of the current receivables, their carrying amount is considered the same as their fair value.

(iii) Impairment and risk exposure

At 31 December 2020, the Authority has a specific impairment provision against its trade receivable in the amount of RO 53,152 (2019 – RO 53,152). Information about the impairment of trade receivable and Authority's exposures to credit risk, foreign currency risk, interest rate can be found in note 3.2.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Trade receivables (continued)

12.1 Movement in allowance for expected credit losses

	2020 RO	2019 RO
At 1 January	53,152	-
Provided during the year	-	53,152
	<u>53,152</u>	<u>53,152</u>

13 Cash and cash equivalents

	2020 RO	2019 RO
Cash in hand	660	958
Cash at bank	<u>1,980,460</u>	<u>2,060,310</u>
	<u>1,981,120</u>	<u>2,061,268</u>

14 Other liability

The Authority purchased an office in Ominvest Business Centre, Muscat Hills in Oman, paying 20% down payment and remaining in 60 instalments of RO 39,406 per month payable over the period of 5 years. The management has discounted the instalments using a rate of 7.5% to reach at present value of the other liability.

Other liability is presented in the statement of financial position as follows:

	2020 RO	2019 RO
Current	381,922	365,919
Non - Current	<u>1,045,386</u>	<u>1,445,338</u>
	<u>1,427,308</u>	<u>1,811,257</u>

Movements in other liability:

	2020 RO	2019 RO
At 1 January	1,811,257	-
Liability recognised during the year	-	2,519,492
Interest expense for the year	88,927	62,184
Payment made during the year	<u>(472,876)</u>	<u>(770,419)</u>
At 31 December	<u>1,427,308</u>	<u>1,811,257</u>

The payments of the principal portion of the other liability are included as part of cash flows from investing activities in the statement of cash flows.

15 Accruals and other payables

	2020 RO	2019 RO
Accruals	577,273	438,256
Provision for withholding taxes	156,023	147,123
Liability on Sahim project	130,475	-
Other payables	<u>22,445</u>	<u>8,889</u>
	<u>886,216</u>	<u>594,268</u>

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

16 Non-financial assets and liabilities

This note provides information about the Authority's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
 - property, plant and equipment (note 17)
 - other current assets (note 18)
 - end of service benefits (note 19)
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

17 Property and equipment

	Building RO	Furniture, fixtures and equipment RO	Motor vehicles RO	Computers RO	Capital work in progress RO	Total RO
Cost:						
At 1 January 2020	2,519,492	326,157	216,950	295,549	286,140	3,644,288
Additions	1,290	240,577	-	150,779	903,760	1,296,406
Disposals	-	(271,616)	-	(18,987)	-	(290,603)
At 31 December 2020	2,520,782	295,118	216,950	427,341	1,189,900	4,650,091
Depreciation:						
At 1 January 2020	73,169	290,595	180,788	200,291	-	744,843
Charge for the year	126,023	25,254	14,700	62,884	-	228,861
Disposals	-	(254,043)	-	(18,972)	-	(273,015)
At 31 December 2020	199,192	61,806	195,488	244,203	-	700,689
Net book value:						
At 31 December 2020	2,321,590	233,312	21,462	183,138	1,189,900	3,949,402

	Building RO	Furniture, fixtures and equipment RO	Motor vehicles RO	Computers RO	Capital work in progress RO	Total RO
Cost:						
At 1 January 2019	-	325,477	216,950	234,110	-	776,537
Additions	2,519,492	680	-	61,439	286,140	2,867,751
At 31 December 2019	2,519,492	326,157	216,950	295,549	286,140	3,644,288
Depreciation:						
At 1 January 2019	-	282,167	161,644	164,772	-	608,583
Provided for the year	73,169	8,428	19,144	35,519	-	136,260
At 31 December 2019	73,169	290,595	180,788	200,291	-	744,843
Net book value:						
At 31 December 2019	2,446,323	35,562	36,162	95,258	286,140	2,899,445

Land

The Ministry of Housing allotted 5,001 Square meter of land to the Authority in 2015 in Plot No 1816 at Bausher. The land is given free of cost for the purpose of constructing office building for the Authority. Management is showing no value for the land in the books as the land currently can be used only for the purpose mentioned above.

Capital work in progress relates to implementation and support of business intelligence system and data warehouse.

AUTHORITY FOR PUBLIC SERVICES REGULATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18 Other current assets

	2020 RO	2019 RO
Prepayments	75,152	61,269
Advances and others	65,083	124,536
	<u>140,235</u>	<u>185,805</u>

19 Employees' end of service benefits

	2020 RO	2019 RO
At 1 January	100,889	129,653
Provided during the year	11,478	15,894
Paid during the year	(48,731)	(44,658)
At 31 December	<u>63,636</u>	<u>100,889</u>
Non-current	4,440	57,907
Current	<u>59,196</u>	<u>42,982</u>
	<u>63,636</u>	<u>100,889</u>

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations as at 31 December 2020 and 2019, using the projected unit credit method, in respect of employees' end of service benefits payable under the local Labour Law of Oman. Dependent on the Oman law, under this method an assessment has been made of the employee's expected service life with the Company and the expected basic or gross salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (2019 - 3%). The expected liability at the date of leaving the service has been discounted to its net present value using the discount rate 6% (2019 - 6%).

20 Retained surplus fund

The retained surplus fund represents the cumulative amount of excess or deficit of income over expenses, which will be offset against future funding requirements in accordance with Article 55 of the Sector Law.

21 Related party transactions

The Authority's related parties comprise the key management. The Government is not considered as a related party in view of the exemption from disclosure requirements set out in IFRS in relation to related party transactions and outstanding balances with Government that has control or joint control of, or significant influence over the authority and an entity that is a related party of the same Government. The Authority has applied the exemptions in IAS 24 related to government entities and only disclosed certain information to meet the disclosure requirements of IAS 24.

Key management includes the members of the Authority, which comprises of Chairman and directors.

Such transactions comprise key management personnel compensation as follows:

	2020 RO	2019 RO
Short term employment benefits	470,245	170,072
Pension fund contribution	<u>31,860</u>	<u>31,860</u>
	<u>502,105</u>	<u>201,932</u>

Independent auditor's report - pages 1 - 3.



Appendixes:

- a. Definitions
- b. Sectors Statistical Tables
- c. Electricity Subsidy Accounts
- d. Forward Business Program for 2021
- e. Licensees



► Definitions:

BOO	Build Own and Operate
Bulk Supply Tariff (BST)	Tariffs charged by PWP and RAEC for bulk supplies of electricity and water, where such tariffs are calculated each year and approved by the Authority;
DPC	The Dhofar Power Company SAOC
DPS	Dhofar Power System connecting the systems of DPC and OETC in Dhofar region
EPC	Engineering, Procurement and Construction
ERWS	Electricity and Related Water Sector
GCCIA	Gulf Cooperation Council Interconnection Authority
I(W)PP and IPP	Independent Power and Water Project
Main Interconnected System or MIS	The interconnected systems of OETC, and the Muscat, Majan and Mazoon Discos
Majan or MJEC	The Majan Electricity Company SAOC
Mazoon or MZEC	The Mazoon Electricity Company SAOC
MAR	Maximum Allowed Revenue
MHEW	The Ministry of Housing, Electricity and Water
OETC	The Oman Electricity Transmission Company SAOC

BOO	Build Own and Operate
Omanisation	The policy for the employment of Omani nationals as issued from time to time by the Government of Oman
Permitted Tariff	Tariffs Customers are obliged to pay in consideration for Supply of electricity or for Connection to a Distribution System or a Transmission System, which tariff shall be determined in the manner stipulated in Article (9) of the Sector Law
APSR	The Authority for Services Regulations
PWP	The Oman Power and Water Procurement Company SAOC
RAEC	The Rural Areas Electricity Company SAOC
OMR	Omani Rial
ROP	Royal Oman Police
SCRC	Schedule Charge Restriction Condition
Related Water	Desalinated water in the Sultanate of Oman which is combined or co-located with the electricity sector and which is subject to regulation
The Authority	The Authority for Public Services Regulations



► Sectors Statistical Tables:

◀ Electricity and water production

► Electricity Production by System: 2019 & 2020

2019		Electricity Production		
System	Gross MWh	% Year	Net MWh	% Year
Main Interconnected System	34.073.062	87.7%	32,813,241	87.9%
Rural Systems	3.640.231	9.4%	3,416,648	9.2%
Dhofar Power System	1.120.927	2.9%	1,087,930	2.9%
Total for 2019	38.834.219		37.317.819	

2020		Electricity Production		
System	Gross MWh	% Year	Net MWh	% Year
Main Interconnected System	33.468.528	88.0%	32.400.562	88.2%
Rural Systems	3.371.039	8.9%	3.157.483	8.6%
Dhofar Power System	1.205.416	3.2%	1.174.054	3.2%
Total for 2020	38.044.983		36.732.098	

► Electricity Production by System and Company: 2019 & 2020

2019	Electricity Production			
	Gross MWh	Oman %	Net MWh	Oman %
Main Interconnected System				
ACWA Power Barka SAOG	2,022,523	5.2%	1,909,228	5.1%
AD'Dhahira Generating Company SAOC	5,619,844	14.5%	5,447,405	14.6%
Al Batinah Power Company SAOC	1,471,930	3.8%	1,389,327	3.7%
Al Kamil Power Company SAOC	54,617	0.1%	54,120	0.1%
Al Rusail Power Company SAOC	1,535,994	4.0%	1,524,001	4.1%
Al Suwadi Power Company SAOC	4,498,112	11.6%	4,399,391	11.8%
Phoenix Power Company SAOC	8,125,612	20.9%	7,939,129	21.3%
PWP Othe Purchases	610,349	1.6%	610,349	1.6%
Shinas Generating Company	5,406,892	13.9%	5,109,617	13.7%
SMN Barka Power Company SAOC	1,782,575	4.6%	1,648,254	4.4%
Sohar Power Company SAOG	2,160,846	5.6%	2,006,007	5.4%
United Power Company SAOC	783,768	2.0%	776,414	2.1%
MIS sub-total	34,073,062	87.7%	32,813,241	87.9%
Rural Systems				
Bahwan Astonfield Solar Power LLC	553	0.0%	549	0.0%
'Musandam Power Company SAOC	404,905	1.0%	394,479	1.1%
RAEC Prurchases from PDO	153,501	0.4%	153,501	0.4%
RAEC SAOC	561,968	1.4%	539,402	1.4%
Rural Systems sub-total	1,120,927	2.9%	1,087,930	2.9%
Dhofar Power System				
Dhofar Generating Company SAOC	1,674,023	4.3%	1,625,659	4.4%
PWP Other Purchases	-24,551	-0.1%	-24,551	-0.1%
SembCorp Salalah Power & Water Company SAOC	1,990,758	5.1%	1,815,541	4.9%
Dhofar System sub-total	3,640,231	9.4%	3,416,648	9.2%
Total for 2019	38,834,219	100%	37,317,819	100%

2020

Electricity Production

	Gross MWh	Oman %	Net MWh	Oman %
Main Interconnected System				
ACWA Power Barka SAOG	1,545,178	4.1%	1,432,797	3.8%
AD'Dhahira Generating Company SAOC	6,299,942	16.2%	6,125,945	16.4%
Al Batinah Power Company SAOC	1,648,317	4.2%	1,585,990	4.2%
Al Kamil Power Company SAOC	2,266	0.0%	2,245	0.0%
Al Rusail Power Company SAOC	1,496,886	3.9%	1,485,647	4.0%
Al Suwadi Power Company SAOC	4,842,746	12.5%	4,728,807	12.7%
Phoenix Power Company SAOC	8,166,547	21.0%	7,973,946	21.4%
PWP Othe Purchases	370,059	1.0%	370,059	1.0%
Shinas Generating Company	7,368,567	19.0%	7,110,937	19.1%
SMN Barka Power Company SAOC	1,601,277	4.1%	1,464,078	3.9%
Sohar Power Company SAOG	102,242	0.3%	96,651	0.3%
United Power Company SAOC	24,503	0.1%	23,461	0.1%
MIS sub-total	33,468,528	88.0%	32,400,562	88.2%
% change from 2019	-1.8%		-1.3%	
Rural Systems				
Bahwan Astonfield Solar Power LLC	542	0.0%	538	0.0%
'Musandam Power Company SAOC	390,839	1.0%	380,394	32.4%
RAEC Prurchases from PDO	145,461	0.4%	145,461	12.4%
RAEC SAOC	668,574	1.8%	647,661	55.2%
Rural Systems sub-total	1,205,416	3.1%	1,174,054	3.1%
% change from 2019	7.5%		7.9%	
Dhofar Power System				
Dhofar Generating Company SAOC	1,728,555	4.5%	1,678,260	53.2%
PWP Other Purchases	-24,294	-0.1%	-24,294	-0.8%
SembCorp Salalah Power & Water Company SAOC	1,666,778	4.4%	1,503,517	47.6%
Dhofar System sub-total	3,371,039	8.9%	3,157,483	8.6%
% change from 2019	-7.4%		-7.6%	
Total for 2020	38,044,983	100%	36,732,098	100%
Actual change from 2019	-789,236		-585,721	
% change from 2019	-2.0%		-1.6%	

► Electricity Production by Region: 2019 & 2020

2019		Electricity Production		
Region	MWh Gross	Oman %	MWh Net	Oman %
Al Dahirah	5,622,279	14.5%	5,449,786	14.6%
Al Sharqiya	8,262,183	21.3%	8,070,924	21.6%
Al Wusta	199,946	0.5%	194,828	0.5%
Dakhliyah	783,768	2.0%	776,414	2.1%
Dhofar	4,026,040	10.4%	3,791,461	10.2%
Musandam	435,660	1.1%	423,109	1.1%
Muscat	1,538,523	4.0%	1,526,530	4.1%
North Batinah	9,662,611	24.9%	9,127,895	24.5%
South Batinah	8,303,210	21.4%	7,956,873	21.3%
Total for 2019	38,834,219		37,317,819	

2020		Electricity Production		
Region	MWh Gross	Oman %	MWh Net	Oman %
Al Dahirah	6,302,370	16.6%	6,128,328	16.7%
Al Sharqiya	8,255,812	21.7%	8,058,700	21.9%
Al Wusta	287,265	0.8%	283,467	0.8%
Dakhliyah	24,503	0.1%	23,461	0.1%
Dhofar	3,821,426	10.0%	3,596,577	9.8%
Musandam	419,465	1.1%	407,729	1.1%
Muscat	1,129,851	3.0%	1,118,613	3.0%
North Batinah	9,815,090	25.8%	9,489,542	25.8%
South Batinah	7,989,201	21.0%	7,625,682	20.8%
Sultanate Total 2020	38,044,983		36,732,098	
(%) Change from 2019	-2.0%		-1.6%	

♦ Note: Net electricity production includes PWP and RAEC purchases from entities in each Region

► Electricity Production by Region and Company: 2019 & 2020

2019		Electricity Production			
Region	Company	Gross MWh	Oman %	Net MWh	Oman %
Al Dahirah	RAEC SAOC	5,619,844	14.5%	5,447,405	14.6%
	AD'Dhahira Generating Company SAOC	2,435	0.0%	2,381	0.0%
Al Sharqiya	Al Kamil SAOG	54,617	0.1%	54,120	0.1%
	Phoenix Power Company SAOC	8,125,612	20.9%	7,939,129	21.3%
	PWP other purchases	123	0.0%	123	0.0%
	RAEC SAOC	81,830	0.2%	77,553	0.2%
Al Wusta	PWP other purchases	-15,247	0.0%	-15,247	0.0%
	RAEC purchases from PDO	87,495	0.2%	87,495	0.2%
	RAEC SAOC	127,698	0.3%	122,580	0.3%
Dakhliyah	UPC Manah SAOG	783,768	2.0%	776,414	2.1%
Dhofar	Bahwan Astonfield Solar Power LLC	553	0.0%	549	0.0%
	DGC SAOC	1,674,023	4.3%	1,625,659	4.4%
	PWP other purchases	-24,551	-0.1%	-24,551	-0.1%
	RAEC purchases from PDO	66,005	0.2%	66,005	0.2%
	RAEC SAOC	319,251	0.8%	308,258	0.8%
	SembcorpSalalah SAOC	1,990,758	5.1%	1,815,541	4.9%
Musandam	Musandam Power Company SAOC	404,905	1.0%	394,479	1.1%
	RAEC SAOC	30,755	0.1%	28,630	0.1%
Muscat	Al Rusail SAOG	1,535,994	4.0%	1,524,001	4.1%
	PWP other purchases	2,529	0.0%	2,529	0.0%
North Batinah	Al Batinah PC SAOC	1,471,930	3.8%	1,389,327	3.7%
	PWP other purchases	622,944	1.6%	622,944	1.7%
	Shinas Generating Company	5,406,892	13.9%	5,109,617	13.7%
	Sohar Power Company SAOG	2,160,846	5.6%	2,006,007	5.4%
South Batinah	ACWA Power Barka SAOG	2,022,523	5.2%	1,909,228	5.1%
	Al Suwadi PC SAOC	4,498,112	11.6%	4,399,391	11.8%
	SMN Barka SAOG	1,782,575	4.6%	1,648,254	4.4%
Sultanate Totals 2019		38,834,219		37,317,819	

► Electricity Production by Region and Company: 2019 & 2020

2020		Electricity Production			
Region	Company	Gross MWh	Oman %	Net MWh	Oman %
Al Dahirah	AD'Dhahira Generating Company	6,299,942	16.6%	6,125,945	16.7%
	RAEC SAOC	2,429	0.0%	2,384	0.0%
Al Sharqiya	Al Kamil SAOG	2,266	0.0%	2,245	0.0%
	Phoenix Power Company SAOC	8,166,547	21.5%	7,973,946	21.7%
	PWP other purchases	143	0.0%	143	0.0%
	RAEC SAOC	86,857	0.2%	82,366	0.2%
Al Wusta	PWP other purchases	40,986	0.1%	40,986	0.1%
	RAEC purchases from PDO	106,631	0.3%	106,631	0.3%
	RAEC SAOC	139,648	0.4%	135,849	0.4%
Dakhliyah	UPC Manah SAOG	24,503	0.1%	23,461	0.1%
Dhofar	Bahwan Astonfield Solar Power LLC	542	0.0%	538	0.0%
	DGC SAOC	1,728,555	4.5%	1,678,260	4.6%
	PWP other purchases	-24,294	-0.1%	-24,294	-0.1%
	RAEC purchases from PDO	38,829	0.1%	38,829	0.1%
	RAEC SAOC	411,015	1.1%	399,727	1.1%
	SembcorpSalalah SAOC	1,666,778	4.4%	1,503,517	4.1%
Musandam	Musandam Power Company SAOC	390,839	1.0%	380,394	1.0%
	RAEC SAOC	28,625	0.1%	27,335	0.1%
Muscat	Al Rusail SAOG	1,496,886	3.9%	1,485,647	4.0%
	PWP other purchases	-367,034	-1.0%	-367,034	-1.0%
North Batinah	Al Batinah PC SAOC	1,648,317	4.3%	1,585,990	4.3%
	PWP other purchases	695,964	1.8%	695,964	1.9%
	Shinas Generating Company	7,368,567	19.4%	7,110,937	19.4%
	Sohar Power Company SAOG	102,242	0.3%	96,651	0.3%
South Batinah	ACWA Power Barka SAOG	1,545,178	4.1%	1,432,797	3.9%
	Al Suwadi PC SAOC	4,842,746	12.7%	4,728,807	12.9%
	SMN Barka SAOG	1,601,277	4.2%	1,464,078	4.0%
Sultanate Total 2020		38,044,983		36,732,098	
Change from 2019		-2.0%		-1.6%	

► Monthly Electricity Production by System: MIS 2019 to 2020

2019		Electricity Production			
System	Month	Gross GWh	Year %	Net GWh	Year %
MIS	Jan-19	1,998	5.9%	1,910	5.8%
MIS	Feb-19	1,777	5.2%	1,687	5.1%
MIS	Mar-19	2,108	6.2%	2,011	6.1%
MIS	Apr-19	2,681	7.9%	2,535	7.7%
MIS	May-19	3,422	10.0%	3,312	10.1%
MIS	Jun-19	3,891	11.4%	3,752	11.4%
MIS	Jul-19	3,866	11.3%	3,750	11.4%
MIS	Aug-19	3,657	10.7%	3,547	10.8%
MIS	Sep-19	3,458	10.1%	3,337	10.2%
MIS	Oct-19	3,183	9.3%	3,084	9.4%
MIS	Nov-19	2,165	6.4%	2,090	6.4%
MIS	Dec-19	1,866	5.5%	1,799	5.5%
Total 2019		34,073		32,813	

2020		Electricity Production			
MIS	Jan-20	1,679.1	5.0%	1,623.4	5.0%
MIS	Feb-20	1,837.2	5.5%	1,772.9	5.5%
MIS	Mar-20	2,076.5	6.2%	1,995.8	6.2%
MIS	Apr-20	2,508.6	7.5%	2,426.2	7.5%
MIS	May-20	3,431.9	10.3%	3,332.0	10.3%
MIS	Jun-20	3,871.6	11.6%	3,741.4	11.5%
MIS	Jul-20	3,821.7	11.4%	3,706.7	11.4%
MIS	Aug-20	3,776.5	11.3%	3,658.8	11.3%
MIS	Sep-20	3,322.3	9.9%	3,219.1	9.9%
MIS	Oct-20	2,771.3	8.3%	2,678.3	8.3%
MIS	Nov-20	2,279.1	6.8%	2,214.2	6.8%
MIS	Dec-20	2,092.7	6.3%	2,031.6	6.3%
Total 2020		33,469		32,401	

► Monthly Electricity Production by System: MIS 2019 to 2020

2019		Electricity Production			
System	Month	Gross GWh	Year %	Net GWh	Year %
Rural Systems	Jan-19	62.8	5.6%	60.6	5.6%
Rural Systems	Feb-19	56.0	5.0%	54.0	5.0%
Rural Systems	Mar-19	68.1	6.1%	65.8	6.0%
Rural Systems	Apr-19	92.7	8.3%	89.9	8.3%
Rural Systems	May-19	113.3	10.1%	110.1	10.1%
Rural Systems	Jun-19	109.4	9.8%	106.0	9.7%
Rural Systems	Jul-19	128.5	11.5%	125.2	11.5%
Rural Systems	Aug-19	114.6	10.2%	111.4	10.2%
Rural Systems	Sep-19	114.1	10.2%	111.0	10.2%
Rural Systems	Oct-19	108.6	9.7%	105.5	9.7%
Rural Systems	Nov-19	80.2	7.2%	77.8	7.2%
Rural Systems	Dec-19	72.7	6.5%	70.4	6.5%
Total 2019		1,121		1,088	

2020		Electricity Production			
System	Month	Gross GWh	Year %	Net GWh	Year %
Rural Systems	Jan-20	64.5	5.3%	62.4	5.3%
Rural Systems	Feb-20	64.6	5.4%	62.5	5.3%
Rural Systems	Mar-20	79.7	6.6%	77.4	6.6%
Rural Systems	Apr-20	105.5	8.8%	102.8	8.8%
Rural Systems	May-20	128.6	10.7%	125.5	10.7%
Rural Systems	Jun-20	127.7	10.6%	124.6	10.6%
Rural Systems	Jul-20	135.3	11.2%	132.3	11.3%
Rural Systems	Aug-20	134.3	11.1%	131.2	11.2%
Rural Systems	Sep-20	107.7	8.9%	104.9	8.9%
Rural Systems	Oct-20	102.4	8.5%	99.7	8.5%
Rural Systems	Nov-20	85.6	7.1%	83.2	7.1%
Rural Systems	Dec-20	69.6	5.8%	67.4	5.7%
Total 2020		1,205		1,174	

► Monthly Electricity Production by System: MIS 2019 to 2020

2019		Electricity Production			
System	Month	Gross GWh	Year %	Net GWh	Year %
Dhofar Power System	Jan-19	236.4	6.5%	219.1	6.4%
Dhofar Power System	Feb-19	228.8	6.3%	214.2	6.3%
Dhofar Power System	Mar-19	282.8	7.8%	265.0	7.8%
Dhofar Power System	Apr-19	317.1	8.7%	298.6	8.7%
Dhofar Power System	May-19	376.3	10.3%	355.8	10.4%
Dhofar Power System	Jun-19	374.3	10.3%	353.8	10.4%
Dhofar Power System	Jul-19	336.2	9.2%	316.5	9.3%
Dhofar Power System	Aug-19	309.7	8.5%	289.9	8.5%
Dhofar Power System	Sep-19	306.5	8.4%	287.5	8.4%
Dhofar Power System	Oct-19	321.9	8.8%	302.4	8.9%
Dhofar Power System	Nov-19	286.9	7.9%	268.6	7.9%
Dhofar Power System	Dec-19	263.3	7.2%	245.3	7.2%
Total 2019		3,640		3,417	

2020		Electricity Production			
Dhofar Power System	Jan-20	220.0	6.5%	203.6	6.4%
Dhofar Power System	Feb-20	222.8	6.6%	207.2	6.6%
Dhofar Power System	Mar-20	262.5	7.8%	245.2	7.8%
Dhofar Power System	Apr-20	303.5	9.0%	285.3	9.0%
Dhofar Power System	May-20	341.0	10.1%	322.0	10.2%
Dhofar Power System	Jun-20	340.4	10.1%	321.4	10.2%
Dhofar Power System	Jul-20	303.7	9.0%	284.1	9.0%
Dhofar Power System	Aug-20	268.6	8.0%	250.7	7.9%
Dhofar Power System	Sep-20	305.0	9.0%	287.1	9.1%
Dhofar Power System	Oct-20	299.5	8.9%	280.9	8.9%
Dhofar Power System	Nov-20	266.2	7.9%	248.7	7.9%
Dhofar Power System	Dec-20	237.9	7.1%	221.1	7.0%
Total 2020		3,371		3,157	

► Quarterly electricity production by System : 2019 to 2020

2019		Electricity Production			
System	Month	Gross GWh	% Year	Net GWh	% Year
MIS	Qtr1 - 2019	5,883.3	17.3%	5,608.2	17.1%
MIS	Qtr2 - 2019	9,993.9	29.3%	9,598.8	29.3%
MIS	Qtr3 - 2019	10,981.2	32.2%	10,633.7	32.4%
MIS	Qtr4 - 2019	7,214.6	21.2%	6,972.6	21.2%
2019 total		34,073		32,813	

2020		Electricity Production			
MIS	Qtr1 - 2020	5,592.9	16.7%	5,392.1	16.6%
MIS	Qtr2 - 2020	9,812.1	29.3%	9,499.6	29.3%
MIS	Qtr3 - 2020	10,920.4	32.6%	10,584.6	32.7%
MIS	Qtr4 - 2020	7,143.1	21.3%	6,924.1	21.4%
2020 total		33,469		32,401	

2019		Electricity Production			
System	Month	Gross GWh	% Year	Net GWh	% Year
Rural Systems	Qtr1 - 2019	186.9	16.7%	180.4	16.6%
Rural Systems	Qtr2 - 2019	315.3	28.1%	306.1	28.1%
Rural Systems	Qtr3 - 2019	357.2	31.9%	347.6	32.0%
Rural Systems	Qtr4 - 2019	261.5	23.3%	253.8	23.3%
2019 total		1,121		1,088	

2020		Electricity Production			
Rural Systems	Qtr1 - 2020	208.8	17.3%	202.3	17.2%
Rural Systems	Qtr2 - 2020	361.8	30.0%	352.9	30.1%
Rural Systems	Qtr3 - 2020	377.3	31.3%	368.4	31.4%
Rural Systems	Qtr4 - 2020	257.5	21.4%	250.4	21.3%
2020 total		1,205		1,174	

► Quarterly electricity production by System : 2019 to 2020

2019		Electricity Production			
System	Month	Gross GWh	% Year	Net GWh	% Year
Dhofar Power System	Qtr1 - 2019	748.0	20.5%	698.3	20.4%
Dhofar Power System	Qtr2 - 2019	1,067.7	29.3%	1,008.2	29.5%
Dhofar Power System	Qtr3 - 2019	952.4	26.2%	893.9	26.2%
Dhofar Power System	Qtr4 - 2019	872.1	24.0%	816.3	23.9%
2019 total		3,640		3,417	

2020		Electricity Production			
Dhofar Power System	Qtr1 - 2020	705.3	20.9%	656.1	20.8%
Dhofar Power System	Qtr2 - 2020	984.9	29.2%	928.8	29.4%
Dhofar Power System	Qtr3 - 2020	877.2	26.0%	821.9	26.0%
Dhofar Power System	Qtr4 - 2020	803.6	23.8%	750.7	23.8%
2020 total		3,371		3,157	

➤ RAEC Capacity, System Peak demands, Electricity and Water Production, and Fuel consumption by Region

2020				Generating Capacity				Water Capacity			System Peak Demands, Production & Fuel Consumption						
RSNum	Facility	Type	"Start Year"	Installed kW	Derated kW	rental	"Num units"	Installed m3/day	"Num units"	"Ref SC"	"System Peak kW"	"Demand margin 1"	"Gross MWh"	"Net MWh"	"Gross 000'm3"	"Net 000'm3"	"Diesel 000'Ltrs"
Al Dahirah																	
02/ 020	Masrooq	Electricity	1994	1900	1350	0	4			50oC	641	52.5%	2,429	2,384			769
Totals for 1 Systems in Al Dahirah				1900	1350	0	4	0	0				2429	2384	0	0	769
Al Sharqiya																	
02/ 019	Masirah	Cogen	1976			0		6100	10	50oC					536	485	
02 /059	Masirah (New)	Electricity	2017	56,819	56,021	0	7			50oC	18,400	67.2%	86,857	82,366	536	485	22,489
Totals for 2 Systems in Al Sharqiya				56,819	56,021	-	7	6,100	10				86,857	82,366	1,072	970	22,489
Al Wusta																	
02/ 001	AbuMudabi	Cogen	1985					200	3	50oC					17.75	17.60	
02/ 027	Sograh(P/W)	Cogen	1998					250	2	50oC					20.74	20.62	
02/ 005	Al Khaluf	Electricity	2007	2,508	1,600	0	3			50oC	1,094	31.6%	4,890	4,752			1,488
02/ 006	Al Khuaima	Electricity	2004	8,016	6,035	0	10			50oC	3,440	43.0%	18,098	17,801			5,204
02/ 010	AlNajdah	Electricity	2007	2,700	1,760	0	3			50oC	1,461	17.0%	5,295	5,181			1,602
02/ 016	Hij	Electricity	1999	30,100	15,000	12,000	18			50oC	15,480	-3.2%	62,322	61,796			17,416
02/ 017	Hitam	Electricity	2007	2,932	2,260	0	6			50oC	1,650	27.0%	6,596	6,273			2,047
02/ 030	Surab	Electricity	2006	4,000	2,000	0	5			50oC	2,219	-11.0%	9,757	9,589			2,940
02/ 045	Dhafrat	Electricity	2009	3,500	3,500	0	4			50oC	1,310	62.6%	3,761	3,693			1,090
02/ 046	Al Khadra	Electricity	2011	12,700	10,000	0	5			50oC	5,700	43.0%	27,959	25,795			7,924
	Wadi Aswad (Rental)			-	-	5,000				50oC	4,227	15.5%	971	971			266
Totals for 11 Systems in Al Wusta				66,456	42,155	17,000	54	450	5				139,649	135,851	38	38	39,977

2020				Generating Capacity				Water Capacity			System Peak Demands, Production & Fuel Consumption						
Dhofar																	
01/ 001	AlHalaniyat	Cogen	1987	1,565	1,250	0	4	190	2	50oC	510	59%	2,392	1,960	37.492	37.400	747
01/ 004	Andat	Electricity	2011	2,012	2,604	0	5			50oC	1,600	39%	4,208	4,118			1,317
01/ 007	Ayun	Electricity	2000	1,200	552	0	4			50oC	138	75%	169	168			71
01/ 008	Barbazum	Electricity	2000	1,680	944	500	5			50oC	719	24%	2,570	2,558			787
01/ 012	Dhahabun	Electricity	2000	4,379	2,976	1000	7			50oC	2,491	16%	11,410	11,395			3,361
01/ 014	Fatkhat	Electricity	2002	900	1250	0	5			50oC	350	72%	1,813	1,806			651
01 /016	Hirweeb	Electricity	2001	2,900	1,420	0	6			50oC	1,220	14%	4,752	4,731			1,354
01 /021	Mazyunah	Electricity	2000	10,000	7,200	5000	7			50oC	10,500	24%	44,091	42,989			12,332
01 /023	Mitan	Electricity	2001	3,400	1,630	1000	6			50oC	1,060	35%	4,083	4,061			1,220
01 /024	Mothorah	Electricity	2006	1,100	1280	0	4			50oC	580	55%	2,590	2,583			870
01 /052	SaihAlKhirat(N)	Electricity	2016	48,702	48,000	0	6			50oC	24,300	49%	145,495	140,251			35,572
01 /037	Sharbatat	Electricity	1998	23,000	18,400	0	7			50oC	10,400	43%	46,143	44,653			11,626
01 /046	Mudhai(new)	Electricity	2011	4,700	2,182	0	6			50oC	1,280	41%	6,155	6,099			2,052
01 /047	Hasik(new)	Electricity	2012	3,872	4,078	3872	6			50oC	2,320	43%	9,902	9,477			2,862
01 /053	FershatQatbeet	Electricity	2017	5,000	3,200	8500	6			50oC	2,801	12%	13,367	13,106			4,440
	Wind IPP			10,000	10,000	10000					1,390	86%	7,541	5,653			2,047
Totals for 17 Systems in Dhofar				124,410	106,966	29,872	84	190	2				306,681	295,608	37	37	81,309
Musandam																	
03/ 006	Kumzar	Cogen	1984	465	358		1	450	3	50oC	0	1	0	0	35.205	34.589	0
	Lima (Rental)		0	0	0	2000				50oC	1,900	5.00%	12	12			9
03/ 007	Madha	Electricity	1982	11,300	11,300	4000	6			50oC	6,290	44.34%	28,266	26,976			7,628
03 /011	Khasab (New)	Electricity	1982	79,590	80,000		6			50oC	31,685	60.39%	347	347			81
Totals for 4 Systems in Musandam				91,355	91,658	6,000	13	450	3				28,625	27,335	35	35	7,718
Totals for 35 RAEC Production Systems				340,940	298,150	52,872	162	7,190	20				564,241	543,544	1,183	1,081	152,262

➤ **Water Production**

➤ Table 1: water production by Zone : 2019 to 2020

2019		Water Production		
Zone	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	322,850,527	92.3%	318,657,154	92.3%
Rural Zones	1,830,692	0.5%	1,699,150	0.5%
Dhofar Zone	24,990,064	7.1%	24,739,362	7.2%
Total for 2019	349,671,282		345,095,666	

2020		Water Production		
Zone	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	346,847,664	92.7%	343,656,559	92.8%
Rural Zones	1,920,778	0.5%	1,868,572	0.5%
Dhofar Zone	25,405,041	6.8%	24,950,826	6.7%
Total for 2020	374,173,483		370,475,957	

► Table 2: water production by Zone and Company : 2019 & 2020

2019	Water Production			
Zone and Company	Gross m³	% Oman	Net m³	% Oman
Interconnected & Sharqiyah Zones				
ACWA Power Barka SAOG	18,232,124	5.2%	18,065,976	5.2%
Al Ghubrah SAOC	66,137,684	18.9%	65,464,788	19.0%
Barka Desalination Company SAOC	65,032,354	18.6%	65,032,354	18.8%
Muscat City Desalination Company SAOC	16,538,261	4.7%	16,525,323	4.8%
Qurayyat Desalination SAOC	63,112,766	18.0%	62,274,696	18.0%
Sharqiyah Desalination Company SAOG	37,247,291	10.7%	36,562,763	10.6%
SMN Barka SAOG	28,948,138	8.3%	28,672,515	8.3%
Sohar Power Company SAOG	27,601,908	7.9%	26,058,739	7.6%
ISZ sub-total	322,850,527	86.3%	318,657,154	86.0%
Rural Zones				
RAEC SAOC	1,830,692	0.5%	1,699,150	0.5%
Rural Zones sub-total	1,830,692	0.5%	1,699,150	0.5%
Dhofar Zone				
SembcorpSalalah SAOC	24,990,064	7.1%	24,739,362	7.2%
Dhofar Zone sub-total	24,990,064	7.1%	24,739,362	7.2%
Total for 2019	349,671,282		345,095,666	

2020

Water Production

Zone and Company	Gross m ³	% Oman	Net m ³	% Oman
Interconnected & Sharqiyah Zones				
ACWA Power Barka SAOG	21,548,110	5.8%	21,460,270	5.8%
Barka Desalination Company	76,910,437	20.6%	75,975,920	20.5%
Muscat City Desalination Company SAOC	64,845,538	17.3%	64,845,538	17.5%
Myah Gulf Oman Desalination Compnay	48,628,771	13.0%	48,571,288	13.1%
Qurayyat Desalination SAOC	63,857,914	17.1%	62,815,448	17.0%
Sharqiyah Desalination Company SAOG	37,221,308	9.9%	36,614,033	9.9%
SMN Barka SAOG	33,087,027	8.8%	32,840,780	8.9%
Sohar Power Company SAOG	748,559	0.2%	533,282	0.1%
ISZ sub-total	346,847,664	92.7%	343,656,559	92.8%
% change from 2019	7.4%		7.8%	
Rural Zones				
RAEC SAOC	1,920,778	0.5%	1,868,572	0.5%
Rural Zones sub-total	1,920,778	0.5%	1,868,572	0.5%
% change from 2019	4.9%		10.0%	
Dhofar Zone				
SembcorpSalalah SAOC	25,405,041	6.8%	24,950,826	6.7%
Dhofar Zone sub-total	25,405,041	6.8%	24,950,826	6.7%
% change from 2019	1.7%		0.9%	
Total for 2020	374,173,483		370,475,957	
Actual change from 2019	24,502,200		25,380,291	
% change from 2019	7.0%		7.4%	

► Table 3: water production by Region : 2019 & 2020

2019			Water Production	
Region	Gross m ³	% Oman	Net m ³	% Oman
Al Sharqiya	38,827,642	11.1%	38,014,848	11.0%
Al Wusta	49,907	0.0%	48,900	0.0%
Dhofar	25,090,427	7.2%	24,838,414	7.2%
Musandam	100,071	0.0%	99,113	0.0%
Muscat	128,145,120	36.6%	127,307,050	36.9%
North Batinah	44,140,170	12.6%	42,584,062	12.3%
South Batinah	113,317,946	32.4%	112,203,279	32.5%
Total for 2019	349,671,282		345,095,666	

2020			Water Production	
Region	Gross m ³	% Oman	Net m ³	% Oman
Al Sharqiya	38,882,707	10.4%	38,224,579	10.3%
Al Wusta	54,771	0.0%	54,618	0.0%
Dhofar	25,519,306	6.8%	25,064,507	6.8%
Musandam	90,343	0.0%	89,727	0.0%
Muscat	128,703,452	34.4%	127,660,986	34.5%
North Batinah	49,377,330	13.2%	49,104,570	13.3%
South Batinah	131,545,574	35.2%	130,276,970	35.2%
Total for 2020	374,173,483		370,475,957	
% change from 2019	7.0%		7.4%	

➤ Table 4: water production by Region and Company : 2019 & 2020

2019

Water Production

Region	Company	Gross m ³	% Oman	Net m ³	% Oman
Al Sharqiya	RAEC SAOC	1,580,351	0.5%	1,452,085	0.4%
	Sharqiyah Desalination Company SAOG	37,247,291	10.7%	36,562,763	10.6%
Al Wusta	RAEC SAOC	49,907	0.0%	48,900	0.0%
Dhofar	RAEC SAOC	100,363	0.0%	99,052	0.0%
	SembcorpSalalah SAOC	24,990,064	7.1%	24,739,362	7.2%
Musandam	RAEC SAOC	100,071	0.0%	99,113	0.0%
Muscat	Muscat City Desalination Company SAOC	65,032,354	18.6%	65,032,354	18.8%
	Qurayyat Desalination SAOC	63,112,766	18.0%	62,274,696	18.0%
	Myah Gulf Oman Desalination Compnay	16,538,261	4.7%	16,525,323	4.8%
North Batinah	Sohar Power Company SAOG	27,601,908	7.9%	26,058,739	7.6%
South Batinah	ACWA Power Barka SAOG	18,232,124	5.2%	18,065,976	5.2%
	Barka Desalination Company SAOC	66,137,684	18.9%	65,464,788	19.0%
	SMN Barka SAOG	28,948,138	8.3%	28,672,515	8.3%
Total for 2019		349,671,282		345,095,666	

2020

Water Production

Region	Company	Gross m ³	% Oman	Net m ³	% Oman
Al Sharqiya	RAEC SAOC	1,661,399	0.4%	1,610,546	0.4%
	Sharqiyah Desalination Company SAOG	37,221,308	9.9%	36,614,033	9.9%
Al Wusta	RAEC SAOC	54,771	0.0%	54,618	0.0%
Dhofar	RAEC SAOC	114,265	0.0%	113,681	0.0%
	SembcorpSalalah SAOC	25,405,041	6.8%	24,950,826	6.7%
Musandam	RAEC SAOC	90,343	0.0%	89,727	0.0%
Muscat	Muscat City Desalination Company SAOC	64,845,538	17.3%	64,845,538	17.5%
	Qurayyat Desalination SAOC	63,857,914	17.1%	62,815,448	17.0%
	Myah Gulf Oman Desalination Compnay	48,628,771	13.0%	48,571,288	13.1%
North Batinah	Sohar Power Company SAOG	748,559	0.2%	533,282	0.1%
South Batinah	ACWA Power Barka SAOG	21,548,110	5.8%	21,460,270	5.8%
	Barka Desalination Company SAOC	76,910,437	20.6%	75,975,920	20.5%
	SMN Barka SAOG	33,087,027	8.8%	32,840,780	8.9%
Total for 2020		374,173,483		370,475,957	
Change from 2019 (%)		7.0%		7.4%	

► Table 5i: Monthly Water production by Zone : Interconnected & Sharqiyah Zones 2019 & 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	January-19	25,492,576	7.9%	25,019,071	7.9%
Interconnected & Sharqiyah Zones	February-19	22,934,658	7.1%	22,570,711	7.1%
Interconnected & Sharqiyah Zones	March-19	26,213,089	8.1%	25,765,087	8.1%
Interconnected & Sharqiyah Zones	April-19	26,674,782	8.3%	26,246,195	8.2%
Interconnected & Sharqiyah Zones	May-19	27,738,308	8.6%	27,372,551	8.6%
Interconnected & Sharqiyah Zones	June-19	27,338,660	8.5%	26,948,753	8.5%
Interconnected & Sharqiyah Zones	July-19	28,281,757	8.8%	27,867,872	8.7%
Interconnected & Sharqiyah Zones	August-19	25,847,321	8.0%	25,522,849	8.0%
Interconnected & Sharqiyah Zones	September-19	28,525,311	8.8%	28,274,388	8.9%
Interconnected & Sharqiyah Zones	October-19	28,999,376	9.0%	28,759,081	9.0%
Interconnected & Sharqiyah Zones	November-19	27,699,931	8.6%	27,471,569	8.6%
Interconnected & Sharqiyah Zones	December-19	27,104,759	8.4%	26,839,027	8.4%
Total for 2019		322,850,527		318,657,154	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	January-20	26,060,387	7.5%	25,872,486	7.5%
Interconnected & Sharqiyah Zones	February-20	24,806,592	7.2%	24,493,036	7.1%
Interconnected & Sharqiyah Zones	March-20	27,951,572	8.1%	27,435,424	8.0%
Interconnected & Sharqiyah Zones	April-20	27,526,501	7.9%	27,249,969	7.9%
Interconnected & Sharqiyah Zones	May-20	30,044,255	8.7%	29,814,343	8.7%
Interconnected & Sharqiyah Zones	June-20	30,008,285	8.7%	29,826,868	8.7%
Interconnected & Sharqiyah Zones	July-20	30,753,224	8.9%	30,480,328	8.9%
Interconnected & Sharqiyah Zones	August-20	31,285,739	9.0%	31,039,590	9.0%
Interconnected & Sharqiyah Zones	September-20	29,854,357	8.6%	29,626,613	8.6%
Interconnected & Sharqiyah Zones	October-20	30,673,278	8.8%	30,434,324	8.9%
Interconnected & Sharqiyah Zones	November-20	29,106,998	8.4%	28,946,309	8.4%
Interconnected & Sharqiyah Zones	December-20	28,776,476	8.3%	28,437,269	8.3%
Total for 2020		346,847,664		343,656,559	

► Table 5ii: Monthly Water production by Zone : Rural Zones 2019 & 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Rural Zones	January-19	150,398	8.2%	141,346	8.3%
Rural Zones	February-19	139,442	7.6%	128,270	7.5%
Rural Zones	March-19	159,331	8.7%	148,440	8.7%
Rural Zones	April-19	159,097	8.7%	148,150	8.7%
Rural Zones	May-19	166,670	9.1%	153,770	9.0%
Rural Zones	June-19	144,534	7.9%	131,352	7.7%
Rural Zones	July-19	129,533	7.1%	119,548	7.0%
Rural Zones	August-19	151,040	8.3%	140,414	8.3%
Rural Zones	September-19	157,245	8.6%	146,795	8.6%
Rural Zones	October-19	165,495	9.0%	152,144	9.0%
Rural Zones	November-19	152,635	8.3%	143,677	8.5%
Rural Zones	December-19	155,272	8.5%	145,244	8.5%
Total for 2019		1,830,692		1,699,150	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Rural Zones	January-20	155,931	8.1%	139,717	7.5%
Rural Zones	February-20	143,709	7.5%	132,555	7.1%
Rural Zones	March-20	164,544	8.6%	150,353	8.0%
Rural Zones	April-20	163,087	8.5%	152,686	8.2%
Rural Zones	May-20	177,932	9.3%	177,870	9.5%
Rural Zones	June-20	168,113	8.8%	168,053	9.0%
Rural Zones	July-20	155,900	8.1%	155,838	8.3%
Rural Zones	August-20	159,117	8.3%	159,055	8.5%
Rural Zones	September-20	150,671	7.8%	150,671	8.1%
Rural Zones	October-20	165,633	8.6%	165,633	8.9%
Rural Zones	November-20	161,215	8.4%	161,215	8.6%
Rural Zones	December-20	154,926	8.1%	154,926	8.3%
Total for 2020		1,920,778		1,868,572	

► Table 5iii: Monthly Water production by Zone : Dhofar Zone 2019 to 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Dhofar Zone	January-19	2,120,146	8.5%	2,095,447	8.5%
Dhofar Zone	February-19	1,881,308	7.5%	1,871,095	7.6%
Dhofar Zone	March-19	2,107,917	8.4%	2,094,192	8.5%
Dhofar Zone	April-19	2,126,194	8.5%	2,109,809	8.5%
Dhofar Zone	May-19	2,223,510	8.9%	2,203,239	8.9%
Dhofar Zone	June-19	2,077,851	8.3%	2,059,350	8.3%
Dhofar Zone	July-19	2,009,065	8.0%	1,983,933	8.0%
Dhofar Zone	August-19	2,073,694	8.3%	2,042,346	8.3%
Dhofar Zone	September-19	2,053,440	8.2%	2,031,660	8.2%
Dhofar Zone	October-19	2,145,316	8.6%	2,124,352	8.6%
Dhofar Zone	November-19	2,020,756	8.1%	1,999,320	8.1%
Dhofar Zone	December-19	2,150,867	8.6%	2,124,619	8.6%
Total for 2019		24,990,064		24,739,362	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Dhofar Zone	January-20	2,150,734	8.5%	2,117,105	8.5%
Dhofar Zone	February-20	1,998,041	7.9%	1,969,415	7.9%
Dhofar Zone	March-20	2,160,857	8.5%	2,132,648	8.5%
Dhofar Zone	April-20	2,082,396	8.2%	2,056,154	8.2%
Dhofar Zone	May-20	2,151,295	8.5%	2,120,220	8.5%
Dhofar Zone	June-20	2,105,823	8.3%	2,074,629	8.3%
Dhofar Zone	July-20	2,176,567	8.6%	2,136,692	8.6%
Dhofar Zone	August-20	2,026,747	8.0%	1,978,273	7.9%
Dhofar Zone	September-20	2,144,036	8.4%	2,091,211	8.4%
Dhofar Zone	October-20	2,174,371	8.6%	2,123,267	8.5%
Dhofar Zone	November-20	2,064,333	8.1%	2,005,212	8.0%
Dhofar Zone	December-20	2,169,842	8.5%	2,146,000	8.6%
Total for 2020		25,405,041		24,950,826	

► Table6i: Quarterly Water production by Zone : 2019 & 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	Qtr1 - 2019	74,640,323	23.1%	73,354,869	23.0%
Interconnected & Sharqiyah Zones	Qtr2 - 2019	81,751,750	25.3%	80,567,499	25.3%
Interconnected & Sharqiyah Zones	Qtr3 - 2019	82,654,389	25.6%	81,665,110	25.6%
Interconnected & Sharqiyah Zones	Qtr4 - 2019	83,804,065	26.0%	83,069,677	26.1%
2019 total		322,850,527		318,657,154	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Interconnected & Sharqiyah Zones	Qtr1 - 2020	78,818,551	22.7%	77,800,946	22.6%
Interconnected & Sharqiyah Zones	Qtr2 - 2020	87,579,041	25.3%	86,891,180	25.3%
Interconnected & Sharqiyah Zones	Qtr3 - 2020	91,893,321	26.5%	91,146,531	26.5%
Interconnected & Sharqiyah Zones	Qtr4 - 2020	88,556,751	25.5%	87,817,902	25.6%
2020 total		346,847,664		343,656,559	

► Table6ii: Quarterly Water production by Zone : 2019 & 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Rural Zones	Qtr1 - 2019	449,171	24.5%	418,056	24.6%
Rural Zones	Qtr2 - 2019	470,301	25.7%	433,272	25.5%
Rural Zones	Qtr3 - 2019	437,818	23.9%	406,757	23.9%
Rural Zones	Qtr4 - 2019	473,402	25.9%	441,065	26.0%
2019 total		1,830,692		1,699,150	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Rural Zones	Qtr1 - 2020	464,184	24.2%	422,625	22.6%
Rural Zones	Qtr2 - 2020	509,132	26.5%	498,609	26.7%
Rural Zones	Qtr3 - 2020	465,688	24.2%	465,564	24.9%
Rural Zones	Qtr4 - 2020	481,774	25.1%	481,774	25.8%
2020 total		1,920,778		1,868,572	

► Table6iii: Quarterly Water production by Zone : 2019 & 2020

2019		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Dhofar Zone	Qtr1 - 2019	6,109,371	24.4%	6,060,734	24.5%
Dhofar Zone	Qtr2 - 2019	6,427,555	25.7%	6,372,398	25.8%
Dhofar Zone	Qtr3 - 2019	6,136,199	24.6%	6,057,939	24.5%
Dhofar Zone	Qtr4 - 2019	6,316,939	25.3%	6,248,291	25.3%
2019 total		24,990,064		24,739,362	

2020		Water Production			
Zone	Month	Gross m ³	% Year	Net m ³	% Year
Dhofar Zone	Qtr1 - 2020	6,309,632	24.8%	6,219,168	24.9%
Dhofar Zone	Qtr2 - 2020	6,339,514	25.0%	6,251,003	25.1%
Dhofar Zone	Qtr3 - 2020	6,347,349	25.0%	6,206,176	24.9%
Dhofar Zone	Qtr4 - 2020	6,408,545	25.2%	6,274,479	25.1%
2020 total		25,405,041		24,950,826	

► Electricity Supply & Registered Accounts

► Table1: Electricity Customer Accounts by System, Company and Tariff Category: 2019 & 2020

2019 Accounts														
	Main Interconnected System (MIS)								Rural System		Dhofar System		Total Oman	
Tariff Category	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC(Excluding SEZAD)	% Total	DPC	% Total		% Total
Agriculture & Fisheries	227	0.1%	4,317	1.7%	4,184	0.9%	8,728	0.8%	592	1.5%	121	0.1%	9,441	0.7%
Commercial (non-CRT)	88,252	21.7%	58,101	23.2%	99,360	21.7%	245,713	22.0%	7,838	20.0%	21,512	17.8%	275,063	21.6%
Residential	304,710	75.0%	177,421	70.7%	336,650	73.6%	818,781	73.5%	26,894	68.7%	93,100	76.8%	938,775	73.6%
Government (non-CRT)	7,358	1.8%	8,400	3.3%	14,029	3.1%	29,787	2.7%	3,337	8.5%	4,959	4.1%	38,083	3.0%
Industrial (non-CRT)	6	0.0%	390	0.2%	10	0.0%	406	0.0%	33	0.1%	10	0.0%	449	0.0%
Ministry of Defense	77	0.0%	78	0.0%	125	0.0%	280	0.0%	81	0.2%	130	0.1%	491	0.0%
Tourism	506	0.1%	403	0.2%	134	0.0%	1,043	0.1%	54	0.1%	386	0.3%	1,483	0.1%
Commercial (CRT)	3,630	0.9%	873	0.3%	1,705	0.4%	6,208	0.6%	85	0.2%	607	0.5%	6,900	0.5%
Government (CRT)	1,333	0.3%	593	0.2%	1,155	0.3%	3,081	0.3%	195	0.5%	309	0.3%	3,585	0.3%
Industrial (CRT)	175	0.0%	224	0.1%	76	0.0%	475	0.0%	21	0.1%	56	0.0%	552	0.0%
2019 Total	406,274	100.0%	250,800	100.0%	457,428	100.0%	1,114,502	100.0%	39,130	100.0%	121,190	100.0%	1,274,822	100.0%
% of Oman	31.9%		19.7%		35.9%		87.4%		3.1%		9.5%		100.0%	

2020 Accounts														
	Main Interconnected System (MIS)								Rural System		Dhofar System		Total Oman	
Tariff Category	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC(Excluding SEZAD)	% Total	DPC	% Total		% Total
Agriculture & Fisheries	231	0.1%	4,417	1.7%	4,377	0.9%	9,025	0.8%	617	1.5%	117	0.1%	9,759	0.7%
Commercial (non-CRT)	91,477	21.9%	59,829	23.2%	104,016	22.0%	255,322	22.2%	8,218	20.5%	22,193	17.9%	285,733	21.8%
Residential	312,191	74.9%	182,821	70.7%	347,275	73.4%	842,287	73.3%	27,510	68.6%	95,799	77.1%	965,596	73.5%
Government (non-CRT)	7,263	1.7%	8,175	3.2%	15,319	3.2%	30,757	2.7%	3,234	8.1%	4,457	3.6%	38,448	2.9%
Industrial (non-CRT)	6	0.0%	383	0.1%	18	0.0%	407	0.0%	35	0.1%	13	0.0%	455	0.0%
Ministry of Defense	72	0.0%	81	0.0%	55	0.0%	208	0.0%	96	0.2%	131	0.1%	435	0.0%
Tourism	573	0.1%	411	0.2%	159	0.0%	1,143	0.1%	57	0.1%	474	0.4%	1,674	0.1%
Commercial (CRT)	3,791	0.9%	1,277	0.5%	1,414	0.3%	6,482	0.6%	126	0.3%	716	0.6%	7,324	0.6%
Government (CRT)	1,289	0.3%	804	0.3%	737	0.2%	2,830	0.2%	219	0.5%	303	0.2%	3,352	0.3%
Industrial (CRT)	186	0.0%	237	0.1%	66	0.0%	489	0.0%	13	0.0%	54	0.0%	556	0.0%
2020 Total	417,079	100.0%	258,435	100.0%	473,436	100.0%	1,148,950	100.0%	40,125	100.0%	124,257	100.0%	1,313,332	100.0%
% of Oman	31.8%		19.7%		36.0%		87.5%		3.1%		9.5%		100.0%	
Net Change in Accounts	10,805		7,635		16,008		34,448		995		3,067		38,510	
Annual % Change	2.7%		3.0%		3.5%		3.1%		2.5%		2.5%		3.0%	

► Table2: Electricity Supplied to Customers by System, Company and Tariff Category : 2019 & 2020

2019 Accounts														
	Main Interconnected System (MIS)								Rural System		Dhofar System		Total Oman	
Tariff Category	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC(Excluding SEZAD)	% Total	DPC	% Total		% Total
Agriculture & Fisheries	12,101	0.1%	169,777	1.8%	256,458	2.9%	438,335	1.5%	91,011	8.6%	25,722	0.8%	555,068	1.6%
Commercial (non-CRT)	1,173,358	10.2%	562,682	6.0%	811,102	9.2%	2,547,142	8.6%	91,293	8.6%	307,159	10.0%	2,945,594	8.7%
Residential	5,100,804	44.3%	3,034,427	32.6%	5,180,952	58.9%	13,316,183	45.0%	438,797	41.3%	1,291,628	42.0%	15,046,607	44.6%
Government (non-CRT)	383,434	3.3%	284,751	3.1%	362,853	4.1%	1,031,039	3.5%	100,610	9.5%	284,043	9.2%	1,415,692	4.2%
Industrial (non-CRT)	1,132	0.0%	26,714	0.3%	127	0.0%	27,973	0.1%	(190)	0.0%	480	0.0%	28,264	0.1%
Ministry of Defense	92,140	0.8%	18,752	0.2%	220,075	2.5%	330,967	1.1%	41,322	3.9%	107,019	3.5%	479,307	1.4%
Tourism	248,772	2.2%	29,367	0.3%	41,945	0.5%	320,085	1.1%	27,391	2.6%	47,160	1.5%	394,635	1.2%
Commercial (CRT)	2,601,931	22.6%	955,031	10.3%	1,139,389	13.0%	4,696,350	15.9%	50,330	4.7%	372,081	12.1%	5,118,761	15.2%
Government (CRT)	1,482,676	12.9%	302,367	3.2%	666,245	7.6%	2,451,287	8.3%	117,309	11.0%	152,649	5.0%	2,721,245	8.1%
Industrial (CRT)	410,845	3.6%	3,929,760	42.2%	118,802	1.4%	4,459,407	15.1%	103,752	9.8%	487,746	15.9%	5,050,905	15.0%
2019 Total	11,507,193	100.0%	9,313,628	100.0%	8,797,948	100.0%	29,618,769	100.0%	1,061,625	100.0%	3,075,685	100.0%	33,756,079	100.0%
% of Oman	34.1%		27.6%		26.1%		87.7%		3.1%		9.1%		100.0%	
2020 Accounts														
	Main Interconnected System (MIS)								Rural System		Dhofar System		Total Oman	
Tariff Category	Muscat	% Total	Majan	% Total	Mazoon	% Total	Total MIS	% Total	RAEC(Excluding SEZAD)	% Total	DPC	% Total		% Total
Agriculture & Fisheries	12,885	0.1%	171,446	1.8%	275,511	3.1%	459,842	1.6%	103,767	10.1%	24,310	0.9%	587,920	1.8%
Commercial (non-CRT)	1,009,202	9.2%	460,218	4.9%	737,388	8.2%	2,206,809	7.5%	84,189	8.2%	211,914	7.7%	2,502,912	7.6%
Residential	5,169,108	47.4%	3,257,864	34.9%	5,623,588	62.5%	14,050,560	48.1%	445,872	43.6%	1,128,045	41.2%	15,624,478	47.4%
Government (non-CRT)	318,910	2.9%	220,064	2.4%	272,720	3.0%	811,694	2.8%	96,205	9.4%	236,047	8.6%	1,143,946	3.5%
Industrial (non-CRT)	163	0.0%	12,889	0.1%	1,435	0.0%	14,487	0.0%	497	0.0%	2,021	0.1%	17,005	0.1%
Ministry of Defense	123,541	1.1%	18,255	0.2%	180,601	2.0%	322,396	1.1%	62,906	6.1%	92,891	3.4%	478,194	1.4%
Tourism	183,228	1.7%	20,836	0.2%	33,305	0.4%	237,369	0.8%	11,607	1.1%	45,213	1.7%	294,188	0.9%
Commercial (CRT)	2,362,627	21.7%	1,062,766	11.4%	1,129,991	12.6%	4,555,384	15.6%	65,492	6.4%	388,070	14.2%	5,008,946	15.2%
Government (CRT)	1,301,356	11.9%	277,290	3.0%	628,672	7.0%	2,207,318	7.6%	81,809	8.0%	136,650	5.0%	2,425,777	7.4%
Industrial (CRT)	430,208	3.9%	3,823,760	41.0%	109,708	1.2%	4,363,676	14.9%	70,801	6.9%	471,995	17.2%	4,906,472	14.9%
2020 Total	10,911,230	100.0%	9,325,388	100.0%	8,992,919	100.0%	29,229,537	100.0%	1,023,146	100.0%	2,737,156	100.0%	32,989,838	100.0%
% of Oman	33.1%		28.3%		27.3%		88.6%		3.1%		8.3%		100.0%	
Net Change in Accounts	(595,963)		11,760		194,971		(389,232)		(38,479)		(338,529)		(766,241)	
Annual % Change	-5.2%		0.1%		2.2%		-1.3%		-3.6%		-11.0%		-2.3%	

► Table2: Electricity Supplied to Customers by System, Company and Tariff Category : 2019 & 2020

		Main Interconnected System (MIS)				Rural System	Dhofar System	Total Oman
Tariff Category	Item	Muscat	Majan	Mazoon	Total MIS	RAEC	DPC	
Agriculture & Fisheries	Accounts	231	4,417	4,377	9,025	617.0	117.0	9,759.0
	MWh Supplied	12,885	171,446	275,511	459,842	103,767.2	24,310.0	587,919.6
	MWh Supplied per Accounts	55.8	38.8	62.9	51	168.2	207.8	60.2
Commercial	Accounts	91,477	59,829	104,016	255,322	8,218.0	22,193.0	285,733.0
	MWh Supplied	1,009,202	460,218	737,388	2,206,809	84,189.0	211,913.6	2,502,911.6
	MWh Supplied per Accounts	11.0	7.7	7.1	26	10.2	9.5	8.8
Residential	Accounts	312,191	182,821	347,275	842,287	27,510.0	95,799.0	965,596.0
	MWh Supplied	5,169,108	3,257,864	5,623,588	14,050,560	445,872.4	1,128,045.2	15,624,477.8
	MWh Supplied per Accounts	16.6	17.8	16.2	50.6	16.2	11.8	16.2
Government	Accounts	7,263	8,175	15,319	30,757.0	3,234.0	4,457.0	38,448.0
	MWh Supplied	318,910	220,064	272,720	811,694.0	96,205.2	236,047.0	1,143,946.2
	MWh Supplied per Accounts	43.9	26.9	17.8	26.4	29.7	53.0	29.8
Industrial	Accounts	6	383	18	407.0	35.0	13.0	455.0
	MWh Supplied	163	12,889	1,435	14,486.8	497.2	2,021.0	17,005.0
	MWh Supplied per Accounts	27.1	33.7	79.7	35.6	14.2	155.5	37.4
Ministry of Defence	Accounts	72	81	55	208.0	96.0	131.0	435.0
	MWh Supplied	123,541	18,255	180,601	322,396.4	62,906.4	92,890.8	478,193.5
	MWh Supplied per Accounts	1,715.8	225.4	3,283.6	1,550.0	655.3	709.1	1,099.3
Hotels / Tourism	Accounts	573	411	159	1,143.0	57.0	474.0	1,674.0
	MWh Supplied	183,228	20,836	33,305	237,369.3	11,606.6	45,212.6	294,188.4
	MWh Supplied per Accounts	319.8	50.7	209.5	207.7	203.6	95.4	175.7
CRT/Commercial	Accounts	3,791	1,277	1,414	6,482.0	126.0	716.0	7,324.0
	MWh Supplied	2,362,627	1,062,766	1,129,991	4,555,384.3	65,491.7	388,070.0	5,008,946.0
	MWh Supplied per Accounts	623.2	832.2	799.1	702.8	519.8	542.0	683.9
CRT/Government	Accounts	1,289	804	737	2,830.0	219.0	303.0	3,352.0
	MWh Supplied	1,301,356	277,290	628,672	2,207,318.4	81,808.6	136,650.4	2,425,777.4
	MWh Supplied per Accounts	1,009.6	344.9	853.0	780.0	373.6	451.0	723.7
CRT/Industrail	Accounts	186	237	66	489.0	13.0	54.0	556.0
	MWh Supplied	430,208	3,823,760	109,708	4,363,675.8	70,801.5	471,995.1	4,906,472.3
	MWh Supplied per Accounts	2,312.9	16,134.0	1,662.2	8,923.7	5,446.3	8,740.6	8,824.6
Total Customer Accounts in 2020		417,079	258,435	473,436	1,148,950	40,125	124,257	1,313,332
Total MWh Supplied in 2020		10,911,230	9,325,388	8,992,919	29,229,537	1,023,146	2,737,156	32,989,838
MWh Supplied per Account in 2020		26.2	36.1	19.0	25.4	25.5	22.0	25.1
% Change MWh per Account from 2019		-7.6%	-2.8%	-1.2%	-4.3%	-6.0%	-13.2%	-5.1%

► Table4: Electricity Supply & Registered Accounts by Region & Company : 2019 and 2020

2019						
Region	Company	MWh Supplied	% Oman	Accounts	% Oman	MWh Supply per Account
Al Dahirah	Majan	1,103,327	3.3%	58,949	4.6%	19
Al Sharquia North	Mazoon	1,137,593	3.4%	80,519	6.3%	14
Al Sharquia South	Mazoon	1,387,352	4.1%	76,941	6.0%	18
Al Wusta	RAEC	434,650	1.3%	15,515	1.2%	28
Burami	Majan	708,031	2.1%	39,310	3.1%	18
Dakhliyah	Mazoon	2,512,871	7.4%	131,224	10.3%	19
Dhofar	DPC	3,075,685	9.1%	121,190	9.5%	25
Dhofar	RAEC	239,806	0.7%	7,904	0.6%	30
Musandam	RAEC	387,169	1.1%	15,711	1.2%	25
Muscat	Muscat	11,507,193	34.1%	406,274	31.9%	28
North Batinah	Majan	7,502,271	22.2%	152,541	12.0%	49
South Batinah	Mazoon	3,760,132	11.1%	168,744	13.2%	22
Sultanate Totals 2019		33,756,079		1,274,822		26.5
2020						
Region	Company	MWh Supplied	% Oman	Accounts	% Oman	MWh Supply per Account
Al Dahirah	Majan	1,098,711	3.3%	60,792	4.6%	18
Al Sharquia North	Mazoon	1,145,043	3.5%	82,567	6.3%	14
Al Sharquia South	Mazoon	1,437,354	4.4%	79,548	6.1%	18
Al Wusta	RAEC	366,264	1.1%	15,949	1.2%	23
Burami	Majan	677,506	2.1%	40,004	3.0%	17
Dakhliyah	Mazoon	2,548,903	7.7%	136,266	10.4%	19
Dhofar	DPC	2,737,156	8.3%	124,257	9.5%	22
Dhofar	RAEC	270,906	0.8%	8,145	0.6%	33
Musandam	RAEC	385,975	1.2%	16,031	1.2%	24
Muscat	Muscat	10,911,229	33.1%	417,079	31.8%	26
North Batinah	Majan	7,549,171	22.9%	157,639	12.0%	48
South Batinah	Mazoon	3,861,619	11.7%	175,055	13.3%	22
SEZAD	RAEC		0.0%		0.0%	#DIV/0!
Sultanate Totals 2020		32,989,838		1,313,332		25.1
Change from 2019		-2.3%		3.0%		-5.1%



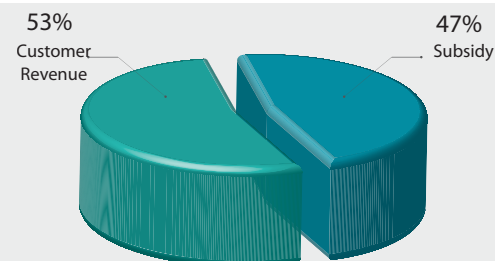
► Electricity Subsidy Accounts:

► 2020 MIS Outturn Subsidy

Maximum Allowed Supply Revenue	2020 outturn				2019 Outturn	
Rial Omani	MEDC	MJEC	MZEC	Total	Total	% Change
PC (Energy cost)	224,852,349	182,117,493	198,199,721	605,169,563	592,891,875	2%
TUoS (Transmission cost)	35,543,650	24,589,349	34,727,963	94,860,962	96,148,998	-1%
DUoS (Distribution cost)	60,840,214	57,158,237	100,276,839	218,275,289	214,465,506	2%
SB (Supply cost)	14,994,106	10,987,432	13,979,647	39,961,185	36,653,410	9%
LF (Licence fee)	120,093	120,092	120,092	360,277	294,681	22%
KS (Correction factor)	4,104,878-	25,588,010	3,565,730-	17,917,402	1,605,007-	-1216%
Maximum Allowed Supply Revenue	340,455,290	249,384,592	350,869,992	940,709,874	942,059,477	-0%
Actual Regulated Supply Revenue						
Rial Omani	MEDC	MJEC	MZEC	Total	Total	Variance
Approved Subsidy	140,109,882	108,716,159	202,211,333	451,037,373	457,905,610	-1%
Permitted Tariff (& other) Revenue	201,584,027	156,373,311	138,986,719	496,944,057	501,010,846	-1%
Actual Regulated Supply Revenue	341,693,909	265,089,469	341,198,052	947,981,430	958,916,456	-1%
Outturn Subsidy Requirement	138,871,263	93,011,281	211,883,273	443,765,817	441,048,631	1%
Subsidy per kWh						
(bz/kWh)	Muscat	Majan	Mazoon	Total	Total	Variance
Economic Cost	31.2	26.7	39.0	32.2	31.8	1%
Subsidy (Outturn)	12.7	10.0	23.6	15.2	14.9	2%
Customer Revenue	18.5	16.8	15.5	17.0	16.9	1%

◆ Source: Company SCRCs, Authority calculations

◆ 2020 MIS Revenue and Subsidy- Outturn

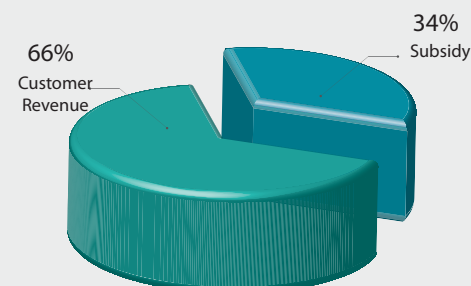


► 2021 MIS Subsidy Forecast

Maximum Allowed Supply Revenue	2021 Forecast				2020 outturn	
Rial Omani	Muscat	Majan	Mazoon	Total	Total	% Change
PC (Energy cost)	269,300,329	229,251,426	230,517,000	729,068,755	605,169,563	20%
TUoS (Transmission cost)	40,423,395	26,050,548	37,683,204	104,157,147	94,860,962	10%
DUoS (Distribution cost)	74,482,020	73,547,373	118,160,398	266,189,791	218,275,289	22%
SB (Supply cost)	15,141,163	11,887,117	14,901,649	41,929,928	39,961,185	5%
LF (Licence fee)	124,594	124,594	124,594	373,781	360,277	4%
KS (Correction factor)	1,263,632	16,484,374	18,018,825	270,819	17,917,402	-102%
Maximum Allowed Supply Revenue	398,207,868	324,376,683	419,405,670	1,141,990,221	940,709,874	21%
Actual Regulated Supply Revenues						
Rial Omani	Muscat	Majan	Mazoon	Total	Total	Variance
Approved Subsidy	96,575,558	92,382,231	195,112,416	384,070,205	451,037,373	-15%
Permitted Tariff (& other) Revenue	301,632,311	231,994,452	224,293,254	757,920,016	496,944,057	53%
Actual Regulated Supply Revenue	398,207,868	324,376,683	419,405,670	1,141,990,221	947,981,430	20%
Subsidy per kWh						
(bz/kWh)	Muscat	Majan	Mazoon	Total	Total	Variance
Economic Cost	30.9	29.8	39.0	33.1	32.2	3%
Subsidy (Estimate)	7.5	8.5	18.1	11.1	15.2	-27%
Customer Revenue	23.4	21.3	20.9	21.9	17.0	29%

◆ Source: Company returns, Authority estimates

◆ 2021 MIS Revenue & Subsidy - Forecast

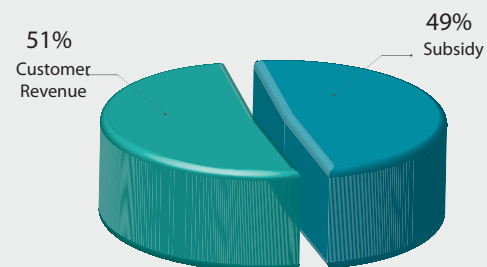


► 2020 DPC Outturn Subsidy

Maximum Allowed Supply Revenue	2020 outturn	2019 outturn	
Rial Omani	Total	Total	% Change
PC (Energy cost)	60,800,773	61,320,435	-1%
TUoS (Transmission cost)	8,033,331	8,547,384	-6%
DUoS (Distribution cost)	28,127,371	26,711,848	5%
SB (Supply cost)	4,625,224	4,453,350	4%
LF (Licence fee)	120,092	98,227	22%
KS (Correction factor)	4,542,524	1,393,025	226%
Maximum Allowed Supply Revenue	97,164,268	99,738,219	-3%
Actual Regulated Supply Revenue			
Rial Omani	Total	Total	Variance
Approved Subsidy	50,005,924	48,114,983	4%
Permitted Tariff (& other) Revenue	49,719,318	55,951,345	-11%
Actual Regulated Supply Revenue	99,725,242	104,066,328	-4%
Outturn Subsidy Requirement	47,444,950	43,786,874	8%
Subsidy per kWh			
(bz/kWh)	Total	Total	Variance
Economic Cost	35.5	32.4	9%
Subsidy (Estimate)	17.3	14.2	22%
Customer Revenue	18.2	18.2	0%

◆ Source: Company returns, Authority estimates

◆ 2020 DPC Revenue & Subsidy - Outturn

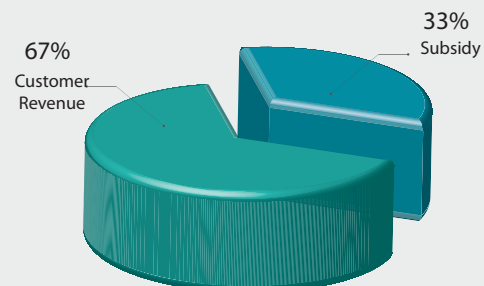


► 2020 Outturn & 2021 Forecast DPC Subsidy

Maximum Allowed Supply Revenue	2021 Forecast	2020 outturn	
Rial Omani	Total	Total	% Change
PC (Energy cost)	71,746,278	60,800,773	18.0%
TUoS (Transmission cost)	10,196,264	8,033,331	26.9%
DUoS (Distribution cost)	35,279,622	28,127,371	25.4%
SB (Supply cost)	4,981,984	4,625,224	7.7%
LF (Licence fee)	124,594	120,092	3.7%
KS (Correction factor)	2,688,308	4,542,524	-40.8%
Maximum Allowed Supply Revenue	119,640,434	97,164,268	23.1%
Actual Regulated Supply Revenue			
Rial Omani	Total	Total	Variance
Approved Subsidy	40,049,280	50,005,924	-20%
Permitted Tariff (& other) Revenue	79,591,155	49,719,318	60%
Actual Regulated Supply Revenue	119,640,434	99,725,242	20%
Subsidy per kWh			
(bz/kWh)	Total	Total	Variance
Economic Cost	35.6	35.5	0%
Subsidy (Estimate)	11.9	17.3	-31%
Customer Revenue	23.7	18.2	30%

◆ Source: Company returns, Authority estimates

◆ 2021 DPC Revenue & Subsidy - Forecast

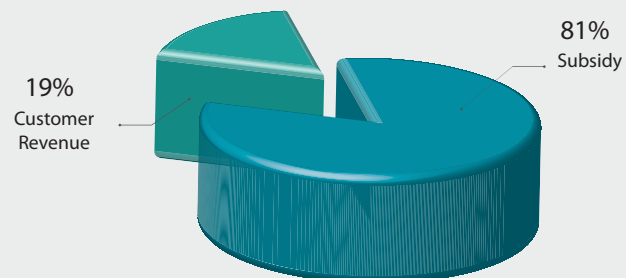


► 2020 RAEC Subsidy Outturn

Maximum Allowed Electricity Revenue	2020 outturn	2019 outturn	
Rial Omani	Total	Total	% Change
MAGR (Generation cost)	80,180,481	102,700,948	-22%
MANR (Networks cost)	28,823,990	28,369,285	2%
MASR (Supply cost)	5,598,956	5,664,150	-1%
LF (Licence fee)	904,000	673,560	34%
K (Correction factor)	1,678,841	1,934,808	-187%
Maximum Allowed Electricity Revenue	113,828,587	139,342,751	-18%
Actual Regulated Electricity Revenue			
Rial Omani	Total	Total	Variance
Approved Subsidy	104,192,142	118,667,119	-12%
Permitted Tariff (& other) Revenue	22,186,421	22,320,648	-1%
Actual Regulated Electricity Revenue	126,378,563	140,987,767	-10%
Outturn Subsidy Requirement	91,642,166	117,022,102	-22%
Subsidy per kWh			
(bz/kWh)	Total	Total	Variance
Economic Cost	111.3	126.5	-12%
Subsidy (Outturn)	89.6	106.2	-16%
Customer Revenue	21.7	20.3	7%

♦ Source: Company SCRCs, Authority calculations

♦ 2020 RAEC Revenue & Subsidy - Outturn

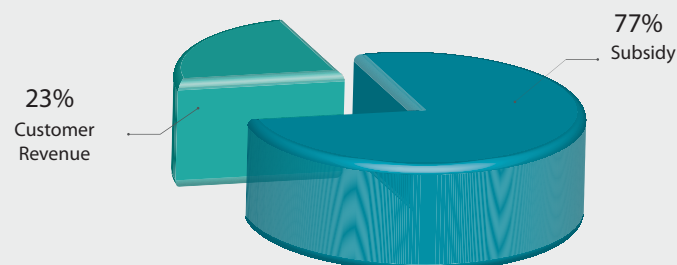


► 2021 RAEC Subsidy Forecast

Maximum Allowed Electricity Revenue	2021 Forecast	2020 outturn	
Rial Omani	Total	Total	% Change
MAGR (Generation cost)	89,295,448	80,180,481	11%
MANR (Networks cost)	29,284,546	28,823,990	2%
MASR (Supply cost)	5,854,241	5,598,956	5%
LF (Licence fee)	944,288	904,000	4%
K (Correction factor)	13,056,891	1,678,841	678%
Maximum Allowed Electricity Revenue	112,321,631	113,828,587	-1%
Actual Regulated Electricity Revenue			
Rial Omani	Total	Total	Variance
Approved Subsidy	86,640,397	104,192,142	-17%
Permitted Tariff (& other) Revenue	25,681,234	22,186,421	16%
Actual Regulated Electricity Revenue	112,321,631	126,378,563	-11%
Subsidy per kWh			
(bz/kWh)	Total	Total	Variance
Economic Cost	111.5	111.3	0%
Subsidy (Estimate)	86.0	89.6	-4%
Customer Revenue	25.5	21.7	18%

◆ Source: Company returns, Authority estimates

◆ 2021 RAEC Revenue & Subsidy - Forecast





➤ Forward Business Program for 2021

➤ Foreword

The Authority for Public Services Regulation (“the Authority”) is responsible for regulating the electricity, related water and gas sectors in the Sultanate of Oman.

In accordance with the principles of best regulatory practice and as required in accordance with the legislative framework under which the Authority operates the Authority publishes a Forward Work Programme before the commencement of each Financial Year (1 January to 31 December) setting out the principal areas of work for the coming year.

Further information about the Authority is available for review on the Authority’s website: www.apsr.om

➤ Legal Objectives of the Authority

The Authority has a range of statutory functions and duties set out in various sections of the Sector Law (for Electricity) as well as related legislative instruments applicable to the gas transportation and water and wastewater sectors. In summary, although expressed slightly differently in each specific legislative instrument, these require the Authority, amongst other things to:

- ◆ to ensure efficiency of operation and of investments of licensees;
- ◆ to ensure the security and availability of the regulated services;
- ◆ to ensure the ability of licensees to finance their business (efficiently);
- ◆ to protect the public and staff in terms of safety;
- ◆ to promote (fair) competition where practicable and to ensure non-discrimination; and
- ◆ to protect the interests of certain customers, in accordance with stated public policy objectives relevant to each regulated sector.

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

All of the Authority’s work, including that envisaged in the 2021 Forward Work Plan, must be conducted in accordance with these statutory duties.

➤ Consultation

The Authority consulted on the draft 2021 Forward Work Programme and invited interested Persons to submit comments and objections. The Authority responded to all comments and objections received in response to the consultation within 30 days of receipt.

➤ Purpose of Forward Work Programme

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

1. Publication of each Forward Work Programme provides notice to Persons who may be affected by the programme, thereby affording them the opportunity to comment on what is proposed;
2. The Forward Work Programme is an important determinant of the Authority’s costs (and licensees’ fees) and as such is an important input in the development of the Authority’s budget; and
3. Publication of a Forward Work Programme reinforces transparency and accountability by allowing interested Persons, such as licensees, investors and customers and their representatives, to ensure work planned for each subsequent year is appropriate and aligned with the Authority’s statutory functions and duties and with Government policy guidance.

The Forward Work Programme is not designed to comprehensively describe all of

the activities the Authority expects to be involved with. Rather it describes the key areas of focus and themes for the coming year. During the course of a year, the Authority may need to reprioritize work in response to events and changing circumstances and may therefore undertake work that was not included in a Forward Work Programme and be unable to undertake or complete items in a published programme.

► Context & Content of 2021 Forward Work Programme

The 2021 Forward Work Programme is the sixteenth programme published by the Authority since the establishment of the Authority for Electricity Regulation in 2005. The work items identified in the 2021 Forward Work Programme are in addition to work undertaken by the Authority in the normal course of business.

The Programme for 2021 is based on the following themes:

- ◆ the consolidation of existing activities, such as the distribution and supply price controls, reliability and customer service standards and liberalization initiatives;
- ◆ the expansion of the Authority's scope to incorporate responsibility for the gas transmission network and the water and wastewater sectors; and
- ◆ Essential new initiatives in relation to policy priorities related to the Government's Vision 2040 programme, such as digitization.

► 2021 Work Priorities

The draft 2021 Forward Work Programme includes a number of 'high priority' areas of work:

► General Policy

HP1 - Provide advice to Government in relation to policy matters including the development of a transparent energy policy

HP2 - Assist in implementing the Government's approved subsidy reform policy

HP3 - Monitor and assist in the implementation of the National Smart Metering Project in coordination with distribution companies

► Water Sector

HP4 - Review the potential for the introduction of customer service KPIs in the water sector

HP5 - Support the Government with the finalization of the new regulatory framework and legislation for the water and wastewater sectors which will include assessing the Health and Safety culture and practices of the Water and Waste Water companies

► Price Control Review

HP6 - Carry out efficiency reviews of Distribution and Supply licensees in order to inform the new price control to be implemented from 2022

HP7 - Review the output and incentive based arrangements in the present distribution and supply price controls and consider inclusion of additional arrangements related to reliability of supply and further customer service indicators (including the accuracy of estimated bills). The Authority will also develop Regulatory Impact Assessment tool and ensure PCR process and proposals align with best practice and with precedent

HP8 - Carry out efficiency review and technical audit of OETC in order to inform the next OETC price control to be implemented from 2023

► Market Liberalisation

HP9 - Finalise the arrangements for the Direct Sale (bilateral sales) initiative and discuss with stakeholders before submitting recommendations to policy makers

HP10 - Support spot market implementation, finalise APSR market monitoring arrangements, unbundling of OPWP market operator function and new market share limitations.



► Licensees

► Licensees Holders



► Licensees Holders



► Exemption Holders



2020

Annual Report



هيئة تنظيم الخدمات العامة
Authority for Public Services Regulation

