

SULTANATE OF OMAN



هيئة تنظيم الكهرباء - عمان
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

Exemption Order No. (1/2005)

GRANTED TO

Sohar International Urea & Chemical Industries S.A.O.C.

COMMENCEMENT DATE: 1 MAY 2020

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Exemption Order No. (1/2005)

The Authority for Electricity Regulation, Oman, is the Authority established pursuant to Article (19) of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector promulgated by Royal Decree (78/2004) (Sector Law). In exercise of the powers conferred on it by the Sector Law the Authority hereby makes the following Order:

ARTICLE (1) Citation and Commencement

- 1.1 This Order shall be referred to as Exemption Order No. (1/2005) and shall come into effect on 1 May 2020.

ARTICLE (2) Interpretation

- 2.1 In this order:
2.2 Definitions

"Affiliate"	in relation to the Exemption Holder means any Person which Controls (directly or indirectly) the Exemption Holder and any other Person Controlled (directly or indirectly) by such first mentioned Person, including where the Exemption Holder is a company, the ultimate holding company of the Exemption Holder and any holding company of the Exemption Holder and any subsidiary of such holding company;
"Authority"	means the Authority for Electricity Regulation, Oman established pursuant to Article (19) of the Sector Law;
"Commencement Date"	means the date on which this Exemption Order becomes effective as set out in Article 1.1;
"Controls"	means, in respect of a Person by another, that that other (whether alone or with others and whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise):

- (i) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that Person or of any other Person which controls that Person; or
- (ii) controls or has the power to control the affairs and policies of that Person or of any other Person which controls that Person; or
- (iii) is the parent undertaking of that Person or is the parent undertaking of any other Person which controls that Person; or
- (iv) possesses or is, or will be at a future date, entitled to acquire:
 - (a) twenty per cent (20%) or more of the share capital or issued share capital of, or of the voting power in, that Person or any other Person which controls that Person; or
 - (b) such part of the issued share capital of that Person or any other Person which controls that Person as would, if the whole of the income of such Person were in fact distributed, entitle him to receive twenty per cent (20%) or more of the amount so distributed; or
 - (c) such rights as would, in the event of the winding-up of that Person or any other Person which controls that Person or in any other circumstances, entitle him to receive twenty per cent (20%) or more of the assets of such Person which would then be available for distribution,

and, for those purposes, there shall be attributed to any Person the rights or powers of any nominee or associate of his

and the rights and powers of any one or more Persons which he, or he and any nominee or associate of his, controls

and "**Control**" and "**Controlled**" shall be construed accordingly;

"Exemption"

a written authorization issued by the Authority to undertake any of the regulated activities pursuant to the provisions of the Sector Law without obtaining a Licence or exemption from one or more conditions of a Licence and **Exempt, Exempted and Exemption Holder** shall be construed accordingly;

"Licensee"

means a person granted a Licence by the Authority pursuant to the Sector Law, to undertake any of the Regulated Activities listed in Article (3) of the Sector Law;

"Person"

any natural person or public or private legal person, includes an individual, partnership, company, firm, trust, body corporate, government, government body, authority, emanation, agency, instrumentality, unincorporated body or an association;

"Premises"

means any plot of land, building or structures occupied or used by any Person;

"Regulated Activity"

means each of the activities listed in Article (3) of the Sector Law;

"Transfer Scheme"

means the scheme determined, implemented and modified, as appropriate, by the Ministry of Finance in accordance with the provisions of the Sector Law, for the purposes of transferring the relevant assets and liabilities to the Successor Entity.

Terms defined in the Law

2.3 Words and expressions, other than those defined in this Article (2), which are defined in the Sector Law shall have the meanings ascribed to them in the Sector Law.

Paragraph references

- 2.4 References to paragraphs and Articles shall be to paragraphs of Articles in this Order and to Articles in this Order, and in the Sector Law where indicated.

ARTICLE (3) Exemption

General

- 3.1 **Sohar International Urea & Chemical Industries (SAOC)** may, to the extent and for the purposes specified in paragraph (3.2), subject to the conditions specified in paragraph (3.3) and for the duration specified in paragraph (3.4), conduct the Regulated Activity specified in paragraph (3.2) without being required to be authorised to do so by a Licence granted by the Authority pursuant to Article (5) of the Sector Law. Accordingly, for those periods, to that extent, for those purposes and subject to compliance with those conditions, **Sohar International Urea & Chemical Industries (SAOC)** shall not be in breach of Article (4) of the Sector Law.

Purpose

- 3.2 Subject to the Conditions listed in paragraph (3.3) below **Sohar International Urea & Chemical Industries (SAOC)** shall be Exempt as described in paragraph (3.3) in relation to the following Regulated Activity:
- (i) the **Generation of electricity co-located with the Desalination of water at the same site.**

Conditions

- 3.3 The conditions referred to in paragraph (3.1) in this Article are as follows:
- (a) The Exemption referred to in paragraph (3.2)(i) above in relation to **the Generation of electricity co-located with the Desalination of water at the same site**, applies:
- (i) to the undertaking of that Regulated Activity by the Exemption Holder (and by no other Person);
- (ii) at and using the Production Facilities listed in Schedule A, and no other Production Facilities;
- (iii) up to but not exceeding, and only for so long as those Production Facilities have no more than, the capacities listed in Schedule A;
- (iv) for the purpose listed in Schedule A; and
- (v) should the Exemption Holder wish to Connect the Production Facilities listed in Schedule A to the System of a Licensee, the

Exemption Holder shall enter into a valid connection agreement with the Licensee to which the Production Facilities connect.

Moreover, that in accordance with the requirements of a connection agreement the Exemption Holder shall become a party to, and abide by, the terms of the Distribution Code of a Licensed Distribution System Operator.

- (b) The Exemption Holder shall comply at all relevant times with regulations issued by the Authority pursuant to Article (38) of the Sector Law, insofar as applicable to it;
- (c) The Exemption Holder shall from time to time, as and when required by the Authority, provide to the Authority all such information concerning:
 - (i) the matters contemplated by the regulations referred to in the foregoing paragraph; and
 - (ii) the Regulated Activity which is the subject of this Exemption Order, as may be required by the Authority.
- (d) The Exemption Holder affording Persons appointed by the Authority pursuant to Article (148) of the Sector Law, unrestricted access to all plant and equipment and Premises used for the purpose of the Regulated Activity referred to in paragraph (3.2) above.

Duration

- 3.4 The Exemption conferred by paragraph (3.2) in this Article shall last for a period of 15 years (renewable) from the Commencement Date, or until revoked by the provisions of the Sector Law or Article (5) of this Exemption Order.

ARTICLE (4) Exclusion from PWP Purchase Duty

- 4.1 The Production Capacity and Output of the Production Facilities listed in Schedule A shall be exempt from the exclusive right and purchase duty of the PWP pursuant to Article (76) of the Sector Law, to the extent that such capacity and Output is used for the purposes of Self Supply.

ARTICLE (5) Revocation and review

- 5.1 The Authority may review and, if it considers it appropriate and, subject to the Sector Law, revoke this Exemption at any time and from time to time should it feel that a change of circumstances has arisen such that it is in the public interest for it to do so. Without prejudice to the generality of the foregoing, the Authority may, in particular, review and modify or revoke this Exemption if any of the following circumstances arises:

- (a) Liberalisation is proposed pursuant to Article (32) of the Sector Law;
- (b) the Authority revokes any relevant Licence or Exemption;
- (c) one or more of the conditions referred to in this Exemption is not complied with by the Exemption Holder;
- (d) on a change of Control of the Exemption Holder which has not been approved in advance in writing by the Authority;
- (e) if it is found that the issue of this Exemption has been based on inaccurate or incorrect information provided by the Exemption Holder or any Affiliate of the Exemption Holder;
- (f) if the Exemption Holder seeks to Connect any System or Production Facility which is the subject of this Exemption Order, or if already Connected seeks a further connection, to the System of a Licensee;
- (g) if the Exemption Holder fails to cooperate with and, to the extent that it may be a legal requirement that it should do so consent to and approve the Transfer of all relevant contracts to which it is a party with MHEW pursuant to the Transfer Scheme without challenge or objection; or
- (h) if, after its System has become Connected to the System of a Licensee, the Exemption Holder suffers termination of its connection agreement with the relevant Licensee or fails to comply with the requirements of the Grid Code and/or the Distribution Code, insofar as applicable to it.



Executive Director

On behalf of the Authority for Electricity Regulation, Oman

1 May 2020

Schedule (A) Technical & Other Details

1. Location

The location, layout and characteristics of the Production Facilities that are the subject of this Exemption Order No. (1/2005) are as shown in the Attachments of the Exemption Order application form.

2. Technology & installed capacities

Two (2) Gas Turbine Generator Sets each of 26.53 MW (max) ISO rating;

One (1) Emergency Diesel Generator Set of 2.4 MW (max);

Two (2) Desalination Units - Multiple Effect Distillation with Thermal Vapour Compression (MED-TVC), each with a capacity of up to 2160 m³ /day (excluding steam condensate).

3. Primary fuel

The Gas Turbine Generators and the associated heat recovery steam generators is fuelled by natural gas.

The Emergency Diesel Generator set is fuelled by diesel.

4. Purpose

The Production Facilities that are the subject of this Exemption Order No. (1/2005) will provide electricity to:

- (1) the Sohar Fertilizer Project at Plot 15A of the Sohar Industrial Port Area;
- (2) seawater pumps, chlorination plant and related auxiliary systems to be installed at the Seawater Intake and Outfall Facility; and
- (3) the Urea ship loader and related systems to be installed at the urea berth at the Sohar Port.

The Emergency Diesel Generator will be kept as stand-by and used to effect the safe shut down of the plant in the event of failure of normal electricity supply.

The Production Facilities that are the subject of this Exemption Order No. (1/2005) will provide desalinated water to meet boiler feed water (make-up), fire water and to meet potable water requirements.

Authority for Electricity Regulation, Oman

1 May 2020

