



هيئة تنظيم الكهرباء - عمان
AUTHORITY FOR ELECTRICITY REGULATION, OMAN

2014 Forward Work Programme

Table of Contents

Foreword.....	3
Statutory Functions and Duties	4
Consultation	4
Purpose of Forward Work Programme	5
Context & Content of 2014 Forward Work Programme.....	5
2014 Work Priorities	6
Glossary of Terms.....	8

Foreword

The Authority for Electricity Regulation, Oman (“the Authority”) is responsible for regulating the electricity and related water sector in the Sultanate of Oman. The Authority was established pursuant to Article (19) of the law for the regulation and privatization of the electricity and related water sector (the “Sector Law”) promulgated by Royal Decree 78/2004 and amended by Royal Decree 59/2009 and Royal Decree 47/2013.

Article (34) of the Sector Law requires the Authority to publish 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.

The 2014 Forward Work Programme differs from previous programmes as it anticipates the appointment of a new Executive Director and Members by 1 May 2014. The programme focus is on committed work streams, with no new initiatives.

Further information about the Authority and the structure and regulation of the electricity and related water sector in Oman is available for review on the Authority’s website: www.aer-oman.org.

Statutory Functions and Duties

The Authority has a range of statutory functions and duties that are set out in various sections of the Sector Law. The Authority's principal duties (see Article (22) of the Sector Law) require the Authority to:

- secure the provision of electricity and related water services in Oman;
- promote competition in the electricity and related water sector;
- secure the safe, effective and economic operation of the electricity and related water sector in the public interest;
- protect the interests of customers, in particular those with limited income, the elderly and sick; to prepare criteria relating to the welfare of customers and to act in accordance with such criteria;
- secure compliance with Government policy relating to the protection of the environment, Omanisation and Omani Content;
- ensure the financial and technical capabilities of licensees and ensure companies operating efficiently can finance their activities;
- secure the conduct of fair and transparent competitions for new capacity by the Oman Power and Water Procurement Company SAOC;
- facilitate the privatisation of the electricity and related water sector;
- review on an annual basis the scope for further liberalisation of the electricity and related water sector; and
- prepare and maintain a Public Register of all matters relating to licenses and exemptions.

The Authority is also subject to important governance duties including a duty not to 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 minimise, insofar as it is able to do so, the regulatory burden on licence holders and exemption holders; and to give written reasons for its decisions.

All of the Authority's work, including that envisaged in the 2014 Forward Work Plan, must be conducted in accordance with these statutory duties.

Consultation

The Authority consulted on the draft 2014 Forward Work Programme and invited interested Persons to submit comments and objections 2013. The Authority responded to all comments and objections received in response to this consultation within thirty days of receipt as described above.

Purpose of Forward Work Programme

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

- (i) 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;
- (ii) 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
- (iii) Publication of a Forward Work Programme reinforces transparency and accountability by allowing interested Persons, such as licensees and the Government, to ensure work planned for each subsequent year is consistent with Government objectives and aligned to the Authority's statutory functions and duties.

Each Forward Work Programme sets out work the Authority proposes to undertake in the coming year. During the course a year the Authority may need to reprioritise 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 2014 Forward Work Programme

Members have agreed that any new initiatives to be undertaken in 2014 by the Authority should be a matter for the newly appointed Members who will assume their responsibilities on 1 May 2014.

The 2014 Forward Work Programme includes work started in 2013 and work undertaken by the Authority in the normal course of business.

2014 Work Priorities

The 2014 Forward Work Programme includes a number of general policy areas of work:

GP1 Customer Tariff Analysis

The Authority undertook detailed tariff and subsidy analysis in 2013 (including (i) proposed changes to the Residential Permitted Tariffs forwarded by the A'Shura Council and (ii) Cost Reflective modelling for large Commercial, Industrial and Government customers), and expects to undertake further analysis in 2014 to support the introduction of Cost Reflective Tariffs for large consumers of electricity.

GP2 Promoting and safeguarding the interests of Customers

Following three awareness presentations in 2013 (Nizwa, Sohar and Khasab) further presentations will be undertaken in 2014 in different areas of the Sultanate to raise customer awareness of what can they expect from their electricity supplier and to build relationships with key stakeholders.

GP3 Advanced Metering Initiative for Large Consumers

The Authority will continue the advanced metering initiative started in 2013 that will support tariff reform; enhance revenue collection; enhance customer confidence in metering; enhance customer awareness of electricity use; and provide a platform for the future introduction of Supply competition.

GP4 Cyber Security Regulations

Building on research completed in 2013, the Authority will issue new regulatory obligations to enhance Cyber Security in 2014. The new requirements will be implemented through new Licence and Licence Exemption Conditions.

GP5 Incident Reporting regulations

Carried over from the 2013 programme, the Authority will issue separate regulations for (i) licensees in early 2014 and (ii) Exemption Holders and other relevant entities later in 2014.

GP6 Review of Oman Electrical Standards

The Technical Directorate will re-launch a review of OES and work to update and issue revised and new OES throughout 2014.

GP7 Customers with Special Needs Permitted Tariff

The Authority will continue to liaise with the Ministry of Social Development and other stakeholders to develop a workable framework to cross reference electricity accounts and benefit payments to provide a basis for a new electricity tariff for Customers with Special Needs.

GP8 Safety Campaign for Children

Following the very successful four week campaign hosted at the Children's museum in Muscat in 2013, the Authority will take the safety campaign to schoolchildren in other areas of the Sultanate during 2014.

GP9 Article (106) Consents

The Legal Directorate expects to receive and process several applications for Article (106) consents during 2014.

Authority for Electricity Regulation, Oman

Glossary of Terms

<i>Licence</i>	An authorization granted by the Authority to undertake one or more of the Regulated Activities stipulated in Article (3) of the Sector Law
<i>MIS</i>	Main Interconnected System
<i>OES</i>	Oman Electrical Standards
<i>OETC</i>	The Oman Electricity Transmission Company SAOC
<i>PAEW</i>	The Public Authority for Electricity and Water established by Royal Decree 92/2007
<i>Permitted Tariff</i>	The 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
<i>Price control</i>	A mechanism for determining the maximum allowed revenue a licensee can recover in each year from users of its services, as stipulated in a schedule charge restriction condition of a Licence
<i>PWP</i>	The Oman Power and Water Procurement Company SAOC
<i>RAEC</i>	The Rural Areas Electricity Company SAOC
<i>Regulated Activities</i>	The activities stipulated in Article (3) of the Sector Law
<i>Sector Law</i>	The law for the regulation and privatization of the electricity and related water sector promulgated by Royal Decree 78/2004 and amended by Royal Decree 59/2009 and Royal Decree 47/2013
<i>Subsidy</i>	The financial support provided to Licensed Suppliers, as calculated by the Authority and paid by the Ministry of Finance, pursuant to Article (18) of the Sector Law
<i>The Authority</i>	The Authority for Electricity Regulation, Oman, being the authority established pursuant to Article (19) of the Sector Law