

OMAN POWER AND WATER PROCUREMENT CO. (SAOC)

Member of Nama Group



الشركة العمانية لشراء الطاقة والمياه (ش.م.ع.م)

إحدى شركات مجموعة نماء

BULK SUPPLY TARIFF

**(FOR BULK SUPPLY OF DESALINATED WATER ON MAIN
INTERCONNECTED ZONE AND SHARQIYAH ZONE)**

APPLICABLE 1 JANUARY 2018 TO 31 DECEMBER 2018



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1. Introduction

Pursuant to Article 74 of the Sector Law and Condition 21 of the Power and Water Procurement Licence granted by the Authority for Electricity Regulation, Oman (AER), Oman Power & Water Procurement Company (OPWP) is required to make Bulk Supplies of Desalinated Water to Water Departments in accordance with a Bulk Supply Agreement entered into for such purpose, and in consideration of a Bulk Supply Tariff.

OPWP has entered into Bulk Supply Agreements with, as follows:

- i. the Public Authority for Electricity and Water (PAEW), formerly the Ministry of Housing, Electricity and Water, covering *inter alia* the Bulk Supply of Desalinated Water produced by the Plants (as defined below).
- ii. Majis Industrial Services SAOC (MISC), the designated Water Department in the Sohar Industrial Port Area, covering the Bulk Supply of Distillate Water from the Sohar I IWPP; and

This document sets out the Bulk Supply Tariff, as determined by OPWP and approved by AER, in respect of Desalinated Water Delivered to Water Departments as specified above for the period from 1 January 2018 to 31 December 2018.

It specifies (i) the fixed and variable charges payable by PAEW and MISC (as applicable) and (ii) the arrangements for invoicing and payment.

Capitalised terms used in this document and which are defined in the Bulk Supply Agreement have the meanings given to them therein, and in addition:

“Bulk Supply”	means the bulk supply of Desalinated Water by OPWP to a Water Department, and “Bulk Supplies” shall be construed accordingly.
“Bulk Supply Agreement”	means an agreement entered into between OPWP and a Water Department in relation to the provision of Bulk Supplies of Desalinated Water.
“Bulk Supply Tariff”	means the consideration charged by OPWP for the Bulk Supply of Desalinated Water, as determined from time to time by OPWP and approved by AER.

¹ This Bulk Supply Tariff is not applicable to the Dhofar Water Network.



“Desalinated Water”

means

(i) in respect of the Ghubrah I IWPP, Potable Water and Distillate Water;

(ii) in respect of the Barka I IWPP, Potable Water;

(iii) in respect of the Barka II IWPP, Potable Water;

(iv) in respect of the Sohar I IWPP, Potable Water and Distillate Water;

(v) in respect of the Ghubrah II IWP, Potable Water;

(vi) in respect of the Sharqiyah IWP, Potable Water.

(vii) in respect of the Qurayyat Temporary IWP, Potable Water.

(viii) in respect of the Aseelah Temporary IWP, Potable Water.

(ix) in respect of the Barka IV IWP, Potable Water; and

(x) in respect of the Sohar III IWP, Potable Water.

“Desalinated Water Delivered” means the Desalinated Water delivered at the Water Delivery Points by the Plants, as measured by the Water Metering Systems.

“Distillate Water”

means

(i) in respect of the Ghubrah I IWPP, water produced by the Plant (and delivered at the Distillate Water Delivery Point) which complies with the quality standards required by the users of such water; and

(ii) in respect of the Sohar I IWPP, water produced by the Plant (and delivered at the Distillate Water Delivery Point) which complies with the quality standards specified in the Bulk Supply Agreement entered into between OPWP and MISC.

“Distillate Water Delivered” means

(i) in respect of the Ghubrah I IWPP, Distillate Water delivered at the Distillate Water Delivery Point to persons authorized by PAEW, as measured by the Distillate Water Metering System; and

(ii) in respect of the Sohar I IWPP, Distillate Water delivered from the Plant at a Distillate Water Delivery Point in accordance with MISC’s nominated requirement, as measured by the Distillate Water Metering System.



“Distillate Water Delivery Point” means

- (i) in respect of the Ghubrah I IWPP, the tanker point near the Plant fencing where Distillate Water is delivered to tankers; and
- (ii) in respect of the Sohar I IWPP, (a) the connection point between the Plant and MISC’s facilities where Distillate Water is delivered and (b) the tanker point within the Plant where Distillate Water is delivered to tankers.

“Distillate Water Metering System” means

- (i) in respect of the Ghubrah I IWPP, the metering system utilised by PAEW and the Plant to measure the quantities of Distillate Water Delivered; and
- (ii) in respect of the Sohar I IWPP, the metering system utilised by MISC and the Plant to measure the quantities of Distillate Water Delivered.

“Plants”

means the following:

Ghubrah I IWPP;
Barka I IWPP;
Barka II IWPP;
Sohar IWPP;
Ghubrah II IWP;
Sharqiyah IWP;
Qurayyat IWP;
Qurayyat Temporary IWP;
Aseelah Temporary IWP;
Barka IV IWP; and
Sohar III IWP,

and “Plant” shall be construed as one of the above (as may be applicable).

“Potable Water”

means the water produced by the Plants which complies with Oman Standard Number 8/2012 (or such standard as may replace or amend Omani Standard 8/2012 from time to time).

“Potable Water Delivered”

means the Potable Water delivered at the Potable Water Delivery Points by the Plants to PAEW, in accordance with the dispatch instructions, as measured by the Potable Water Metering System.



“Potable Water Delivery Points” means the connection points at the boundary fence between the Plant and PAEW’s facilities where the Potable Water is delivered.

“Potable Water Metering System” means the metering system utilised by PAEW and the Plant owner to measure the quantities of Potable Water Delivered.

“Sector Law” means the Law for the Regulation and Privatisation of the Electricity and Related Water Sector as promulgated by Royal Decree No. 78/2004.

“Water Department” has the meaning given to it in the Sector Law.

“Water Delivery Points” means

(i) in respect of the Ghubrah I IWPP, the Potable Water Delivery Point and the Distillate Water Delivery Point;

(ii) in respect of the Barka I IWPP, the Potable Water Delivery Point;

(iii) in respect of the Barka II IWPP, the Potable Water Delivery Point;

(iii) in respect of the Sohar I IWPP, the Potable Water Delivery Point and the Distillate Water Delivery Point;

(iv) in respect of the Ghubrah II IWP, the Potable Water Delivery Point;

(v) in respect of the Sharqiyah IWP, the Potable Water Delivery Point;

(vi) in respect of the Qurayyat IWP, the Potable Water Delivery Point;

(vii) in respect of the Qurayyat Temporary IWP, the Potable Water Delivery Point;

(viii) in respect of the Aseelah Temporary IWP, the Potable Water Delivery Point;

(x) in respect of the Barka IV IWP, the Potable Water Delivery Point; and

(xi) in respect of the Sohar III IWP, the Potable Water Delivery Point.

“Water Metering System” means the Potable Water Metering System and/or the Distillate Water Metering System as may be applicable to the Plant.



“Water Desalination Capacity” means

(i) in respect of the Ghubrah I IWPP, nominal capacity of the Plant to deliver Potable Water, being 140,880 m³/day from 1 January 2018 to 30 September 2018;

(ii) in respect of the Barka I IWPP, the nominal capacity of the Plant to deliver Potable Water, being 91,200 m³/day from 1 January to 30 April 2018 and as a standby mode for the rest of the year. And 102,284 m³/day from 1 January 2018 to 31 December 2018;

(iii) in respect of the Barka II IWPP, the nominal capacity of the Plant to deliver Potable Water, being 120,000 m³/day from 1 January 2018 to 31 December 2018;

(iv) in respect of the Sohar I IWPP, the nominal capacity of the Plant to deliver Potable Water, being 150,000 m³/day from 1 January 2018 to 31 December 2018;

(v) in respect of the Ghubrah II IWP, the nominal capacity of the Plant to deliver Potable Water, being 190,905 m³/day from 1 January 2018 to 31 December 2018;

(vi) in respect of the Sharqiyah IWP, the nominal capacity of the Plant to deliver Potable Water, being 131,837 m³/day from 1 January 2018 to 31 December 2018;

(vii) in respect of the Qurayyat IWP, the nominal capacity of the Plant to deliver Potable Water, being 200,000 m³/day from 1 February 2018 to 31 December 2018;

(viii) in respect of the Qurayyat Temporary IWP, the nominal capacity of the Plant to deliver Potable Water, being 8,000 m³/day from 1 January 2018 to 31 December 2018;

(ix) in respect of the Aseelah Temporary IWP, the nominal capacity of the Plant to deliver Potable Water, being 10,000 m³/day from 1 January 2018 to 31 December 2018;

(x) in respect of the Barka IV IWP, the nominal capacity of the Plant to deliver Potable Water, being 281,000 m³/day from 1 April 2018 to 31 December 2018;

(xi) in respect of the Sohar III IWP, the nominal capacity of the Plant to deliver Potable Water, being 250,000 m³/day from 1 October 2018 to 31 December 2018.



2. Charges for Bulk Supply

The charges for Bulk Supply, with the exception of the Bulk Supply of Distillate Water to MISC (see below), shall be payable on a monthly basis and shall comprise (i) a fixed charge, payable for the provision of the Water Desalination Capacity; (ii) a variable charge payable in relation to the quantity of Desalinated Water Delivered to PAEW, and differentiated in two rate bands with respect to the time of day; and (iii) a fixed charge payable (based on the Water Desalination Capacity) for the procurement and management service provided by OPWP.

The fixed charge for Water Desalination Capacity specified in Table 2 shall be payable in respect of the nominal capacity of each Plant, based on such capacity being provided to minimum levels of availability, as specified in Table 1 below.

Table 1 – Minimum Availability of Water Desalination Capacity

Plant		Minimum Availability		
Ghubrah I IWPP	Period	January-March	April-September	
	%	82%	95%	
	m ³	10,396,944	24,491,988	
Sohar I IWPP	Period	January-March	April-September	October-December
	%	85%	98%	85%
	m ³	11,475,000	26,901,000	11,730,000
Barka I IWPP	Period	January-April	May-September*	October-December*
	%	85%	92.5%	85%
	m ³	19,735,368	14,475,743	7,998,609
Sharqiyah IWP	Period	January-March	April-September	October-December
	%	82%	92.5%	82%
	m ³	9,729,571	22,316,708	9,945,783
Barka II IWPP	Period	January-December		
	%	92.5%		
	m ³	40,515,000		
Ghubrah II IWP	Period	January-December		
	%	92.5%		
	m ³	64,454,301		
Qurayyat IWP	Period	February - December		
	%	95%		
	m ³	5,890,000		
Qurayyat Temporary IWP	Period	January-December		
	%	95%		
	m ³	2,774,000		
Aseelah Temporary IWP	Period	January-December		
	%	95%		
	m ³	3,467,500		
Barka IV IWP	Period	April-December		
	%	90%		
	m ³	69,547,500		
Sohar III IWP	Period	October-December		
	%	90%		
	m ³	20,700,000		

*It includes only the nominal capacity of 102,284 m³/day since the 91,200 m³/day is in a standby mode.



In the event that the availability of the Water Desalination Capacity falls short of the levels specified in Table 1, the actual water availability cost will be adjusted and over/under recovery will be captured by the correction factor (K-factor) for water. The K-factor shall be calculated by OPWP and considered in the Bulk Supply Tariff of the following year in accordance with a methodology approved by AER.

2.1 Charges for Bulk Supply to PAEW

(i) FIXED CHARGES

Table 2: Fixed Charges applicable to Water Desalination Capacity provided to PAEW

Charge	Rate
Fixed charge for Water Desalination Capacity	0.212 OMR per day per m ³ /day
Fixed charge for OPWP service (based on Water Desalination Capacity)	0.005 OMR per day per m ³ /day

(ii) VARIABLE CHARGES

Table 3: Variable charges applicable to Desalinated Water Delivered to PAEW

Month	Variable Charges (OMR/M ³)	
	On-Peak Period 13:00 to 16:59 Daily	Off-Peak Period 00:00 to 12:59 and 17:00 to 23:59 Daily
January – March	0.088	0.088
April	0.096	0.096
May-July	0.273	0.118
August – September	0.141	0.106
October	0.096	0.096
November – December	0.088	0.088

2.2 Charges for Bulk Supply to MISC

The charges for Bulk Supply of Distillate Water to MISC shall be payable on a monthly basis and shall be based on an all-inclusive daily charge payable in relation to the average daily quantity of Distillate Water Delivered in each month. The charge rate set out in Table 4 corresponds to each band.



Table 4 – Schedule of Charges for Distillate Water Supplied to MISC

Average Daily Distillate Water Delivered DWD_d (m^3 per day)	Distillate Water Charge Rate (OMR per Day)
$DWD_d \leq 2000$	$1.0328 \times DWD_d$
$2000 < DWD_d \leq 3000$	$1662.31 + 0.2016 \times DWD_d$
$3000 < DWD_d \leq 4000$	$1655.11 + 0.204 \times DWD_d$
$4000 < DWD_d \leq 5000$	$1655.11 + 0.204 \times DWD_d$
$5000 < DWD_d \leq 6000$	$1655.11 + 0.204 \times DWD_d$
$6000 < DWD_d \leq 7000$	$1662.31 + 0.2028 \times DWD_d$
$7000 < DWD_d \leq 8000$	$1611.94 + 0.21 \times DWD_d$
$8000 < DWD_d \leq 9000$	$1640.72 + 0.2064 \times DWD_d$
$9000 < DWD_d \leq 10000$	$1727.08 + 0.1968 \times DWD_d$
$10000 < DWD_d \leq 11000$	$1583.15 + 0.2112 \times DWD_d$
$11000 < DWD_d \leq 12000$	$1741.47 + 0.1968 \times DWD_d$
$12000 < DWD_d \leq 13000$	$1683.9 + 0.2016 \times DWD_d$
$13000 < DWD_d \leq 14000$	$1527.98 + 0.2136 \times DWD_d$
$14000 < DWD_d$	$0.3228 \times DWD_d$

3. Invoicing and Payment

OPWP shall issue invoices for Bulk Supplies to PAEW and MISC on a monthly basis. The variable charge rate specified in Tables 3 and 4 above shall be applied to the quantity of Desalinated Water Delivered each month, as certified by PAEW and MISC (as may be applicable) and the relevant Plant owner and notified to OPWP. In the event that such certified data is not available within a reasonable time following the end of the month, OPWP shall estimate the quantity of Desalinated Water Delivered using such reasonable method as it sees fit and issue a provisional invoice. OPWP shall then issue a revised or supplemental invoice (or credit) as and when the certified data becomes available.

OPWP shall issue a full-year consolidated statement, shortly following the end of the calendar year, together with a final reconciliation invoice (or credit).

Payment of invoices issued as described above shall be made by PAEW and MISC (as may be applicable) within thirty (30) days of receipt. Where a credit is issued to PAEW and MISC as described above, the amount shall be settled by way of deduction from subsequent payment(s) of Bulk Supply charges to OPWP unless PAEW and MISC (as may be applicable) requests, in



writing, that the relevant amount be refunded in cash by OPWP, in which case OPWP shall make such payment within thirty (30) days of receipt of the written request.

4. Amendments

Under certain circumstances it may become necessary to amend this Bulk Supply Tariff during its period of application. Any such amendment shall only be made in accordance with OPWP's Licence and with the approval of AER. OPWP shall provide PAEW, or MISC (as applicable) with details (including the date of application) of any amendment on a timely basis.


Hamdan Ali Nasser Al Hinai
Chairman



