



الشركة العمانية لشراء الطاقة والمياه (ش.م.ع.م)
OMAN POWER AND WATER PROCUREMENT CO. (SAOC)

إحدى شركات مجموعة نماء
Member of Nama Group

ANNUAL
REPORT
2022

ISO 9001
BUREAU VERITAS
Certification



**OMAN POWER AND WATER
PROCUREMENT COMPANY (SAOC)**

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Ruwi, Sultanate of Oman

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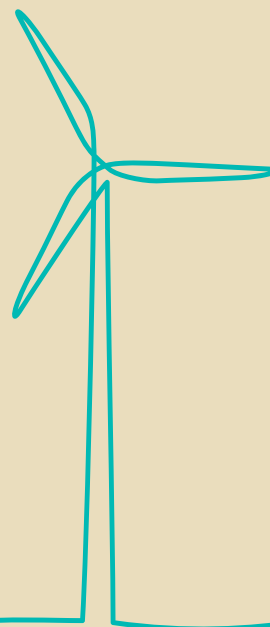
🌐 www.omanpwp.om



**His Majesty
Sultan Haitham bin Tarik Al Said**
- May Allah protect Him -



**The Late
Sultan Qaboos bin Said**
- May Allah rest His soul in peace -



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GLOSSARY

AIVS

Automated Invoice Verification System

APSR

Authority for Public Services Regulation

BST

Bulk Supply Tariff

COD

Commercial Operation Date

CSP

Concentrated Solar Power

DISC

Dhofar Integrated Services Company

DPS

Dhofar Power System

GCCIA

Gulf Cooperation Council Interconnection Authority

GWh

GigaWatt Hour (1,000 MegaWatt Hours)

IWP

Independent Water Project

IT

Information Technology

IFRS

International Financial Reporting Standard Financial Reporting Standard

IPP

Independent Power Project

IWPP

Independent Water and Power Project

MCM

Million Cubic Metre

m³

Cubic Metre(s)

MEM

Ministry of Energy & Minerals

MIS

Main Interconnected System

MPS

Musandam Power System

MWh

Megawatt Hour

MIGD

Million Imperial Gallons per day

NH

Nama Holding

NG

Nama Group

OPWP

Oman Power & Water Procurement Company SAOC

OMR

Omani Rial

OWWSC

Oman Water and Waste Water Services Company

OIA

Oman Investment Authority

OETC

Oman Electricity Transmission Company

PPA

Power Purchase Agreement

PWPA

Power & Water Purchase Agreement

QHSE

Quality, Health, Safety, & Environment

RAEC

Rural Areas Electricity Company

RFP

Request for Proposal

RFQ

Request for Qualification

Sm³

Standard Cubic Metre(s)

WPA

Water Purchase Agreement

WRA

Wind Resource Assessment

ABOUT US

BOARD MEMBERS



Mr. Ahmed Tufail Al Rahman
Chairman of the Board
Other Position: Chief Financial Officer
Nama Holding.



Ms. Fatma bint Hamed Al Rashdi
Deputy Chairman of the Board
Other position: Senior Legal
Counsel, Nama Holding.



Mr. Ibrahim bin Bader Al Khanjari
Member of the Board
Other position: Group Insurance
Manager, Nama Holding.

EXECUTIVE MANAGEMENT



Mr. Yaqoob bin Saif Al Kiyumi
Chief Executive Officer



Mr. Abdullah bin Rashid Al Sawafi
Chief Operating Officer

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CHAIRMAN'S FOREWORD

Mr. Ahmed Tufail Al Rahman
Chairman of the Board of Directors

DEAR SHAREHOLDERS,

The Board of Directors have the pleasure of presenting the Board Report of Oman Power and Water Procurement Company SAOC for the year 2022.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

At OPWP, the health, safety, and environment are considered to be of the utmost significance. The Board places a high priority on maintaining a strong HSE culture and continuously strives for improvement through periodic evaluation of policies, procedures, and practices. OPWP is dedicated to continuously promoting a culture that prioritizes health, safety, and the environment in all aspects of its business, and encourages employees to align their behaviour with this commitment. The company is also constantly working to optimize and streamline its processes to ensure maximum HSE performance.

The Board is kept abreast of the HSE performance of OPWP, its employees, generators and desalinators through periodic HSE updates. These updates enable the Board to support management in its pursuit of a no harm culture; a goal which can be positively evidenced by the absence of LTIs in 2022.

OPWP aims to mitigate any adverse impact on the environment and safeguard it through its stringent contractual terms; whereby all of its power and water projects - which are built, owned, and operated by international and local developers- are required to comply with national and international environmental and emissions standards.

The quality management system of OPWP has been recertified under ISO 9001:2015 for the period of three years until 2025.

PEOPLE

The Board attributes the success of the company to the capabilities, expertise, diligence, and work ethic of its employees. Their unwavering commitment and hard work have ensured OPWP's

compliance with its statutory duties, Licence obligations and the achievement of its objectives.

The Board is focused on investing in the development of employees demonstrating its commitment towards the long-term success of the company and its employees. Training and knowledge enhancement programs are crucial for keeping employees updated on the latest industry trends and best practices and for ensuring that they have the skills and expertise required to perform their jobs effectively. This includes unlimited access to the Learning Management System which allow the employees to access wide range of virtual courses to improve both soft skills as well as to build on technical capabilities.

Additionally, the company has a well-structured approach to employee development, as this will help to ensure that the company's investment in training and development is effective and provides the best return on investment including internal knowledge-sharing sessions which creates a supportive and collaborative work environment, where employees feel valued and can share their expertise and experiences with each other.

2022 ACHIEVEMENTS

In 2022, OPWP succeeded in continuation of developing renewable energy projects, such as solar and wind energy, to diversify the country's energy generation portfolio. The company also completed the feasibility study for its Waste to Energy project and focused on water desalination projects to meet growing water demand in the country. Other initiatives included planning for future power and water capacities, improving processes, and starting operations of the Electricity Spot Market, which is an important step towards liberalizing the electricity sector. OPWP also achieved a significant milestone by executing an international power transaction with a capacity of up to 400 MW, highlighting Oman's ability to engage in international energy transactions.



FINANCIAL HIGHLIGHTS

The adoption of IFRS 16 Leases from January 2019 has greatly impacted the financial statements of the company. The change in the accounting treatment of its Power and Water Purchase Agreements from operating leases to finance leases has resulted in negative equity of RO 105.6 million as of 31 December 2022. The negative net equity arises only from the accounting treatment for leases, and OPWP is solvent under the regulatory framework in which it operates.

Moody's Investors Service recently changed its outlook from stable to positive with a Ba3 rating.

CORPORATE GOVERNANCE

The Board of Directors is committed to upholding the highest standards of corporate governance. The Audit Committee, which reports directly to the Board, plays critical role in overseeing the company's internal controls and risk management. The centralised internal audit function facilitates efficient and effective management and leadership. The Board is dedicated to ensuring the long-term success of the company through strong governance practices.

During 2022, OPWP adopted the procurement and tendering policy of the Oman Investment Authority (OIA), which necessitated a restructuring of the procurement committees.

In order to comply with the OIA Procurement and Tendering Policy and to ensure proper governance in procurement and contract management processes, OPWP has also adopted the Nama Group Delegated Authorities Manual.

FUTURE OUTLOOK

OPWP's key priorities and projects for 2023 continue to focus on delivering reliable and efficient power and water capacity while promoting sustainable energy development. HSE remains a top priority. The company plans to focus on renewable energy projects, including solar and wind IPPs, waste-to-energy IPP, and a feasibility study on concentrated solar power. Water desalination projects include the construction of Al Ghubrah III IWP and Barka V IWP. Other initiatives include evolving the electricity spot market, Power and Water 2024 projects, and developing AIVS while continuing to build local capabilities.

The Board is confident that the company will achieve its goals, objectives and priorities with the continuing support of OPWP shareholders and its relevant stakeholders.

ACKNOWLEDGEMENTS

The Board wishes to convey its sincerest gratitude to the executive management of OPWP and the employees whose commitment and dedication have enabled the company, despite the challenges, to achieve yet another successful year. The Board looks forward to being a part of the continued success of OPWP in 2023 as it embarks on new projects and initiatives for the benefit of the electricity and water sector and the Sultanate of Oman as a whole.

The Board wishes to extend its gratitude to the NAMA Holding, Oman Investment Authority, Authority for Public Services Regulation, and other affiliated Government agencies and sector companies for their continuous support and positive collaboration.

Furthermore, the Board is also appreciative of the support from OPWP's counterparties: the developers of the I(W)PPs, as well as OPWP's customers, for their continued contribution to OPWP's accomplishments and progress and the Board looks forward to a continued positive relationship with them in the future.

Finally, the Board on behalf of OPWP would like to take this opportunity to express its utmost allegiance and devotion to His Majesty Sultan Haitham Bin Tarik and the Government of the Sultanate of Oman for the consistent pursuit of development and improvement in the Sultanate of Oman, including the electricity and water sectors.





CEO'S FOREWORD

Mr. Yaqoob bin Saif Al Kiyumi
Chief Executive Officer

DEAR SHAREHOLDERS,

I am pleased to report that OPWP had another successful year in fulfilling the mandate placed on the company, in a safe and sustainable manner. Our accomplishments in health and safety, renewable energy,

water desalination projects, and other initiatives are a testament to our dedication to fulfilling the increasing demands for energy and water in Oman in a safe and sustainable manner.

The health, safety, and wellbeing of our staff, and all people affected by OPWP's operations, play an essential and ever-increasing role in OPWP's behaviour and practices. The board promotes a company culture conducive to robust health, safety, and environmental practices, and it is embedded in the heart and mind of every OPWP employee.

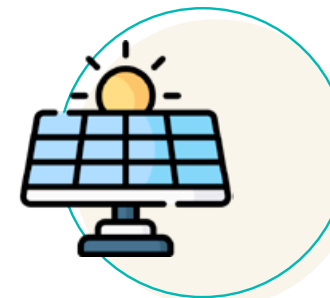
To further enforce these measures and improve the HSE culture within OPWP and its stakeholders, OPWP has implemented a pass-fail mechanism for HSE performance during the procurement process, where the bidders (including the Engineering, Procurement, and Construction (EPC)) are evaluated based on their past HSE culture and performance.

2022 ACHIEVEMENTS

In the year 2022, OPWP encountered another year filled with challenges and yet it was a successful year for OPWP. Numerous initiatives were undertaken and accomplished, including but not limited to the following:

Renewable Energy Projects:

Following Oman Vision 2040, and the target set for 2030 and 2040, OPWP is continuing to diversify its energy generation portfolio and develop renewable energy projects. OPWP focuses on diversifying renewable energy resources by optimising the availability of natural resources and a commitment towards sustainability. The favourable economic costs of wind and solar PV technologies drive renewable project development.

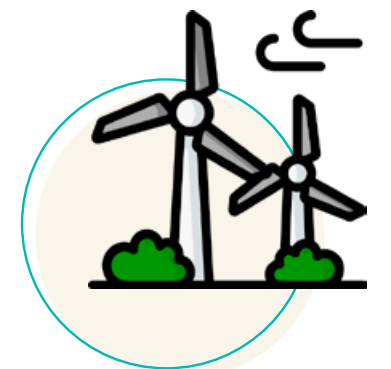


Solar Energy Projects:

OPWP has progressed the procurement of two 500 MW solar energy projects at Ad Dakhiliyah Governate (Manah Solar I and Solar Manah II IPPs) and the evaluation of bids is in progress. Additionally, OPWP has initiated the development activities for a new solar project of 500W named Ibri III Solar project.

Wind Energy Projects:

OPWP has completed a one-year ground wind data gathering exercise at Ras Madrasah and Sadah as part of its Wind Resource Assessment. This data will serve as a foundation for the evaluation of the feasibility of wind projects at each site. The company has also initiated the pre-development activities of three wind projects at Duqm, Jalaan Bani Bu Ali, and Harweel.



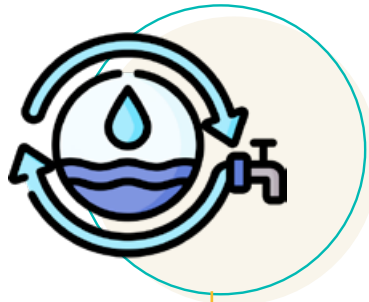


Waste to Energy Project:

OPWP has completed the feasibility study and resumed the development activities of its Waste to Energy project.

Water Desalination Projects:

OPWP's continuous focus on the water projects development demonstrates its commitment towards meeting growing water demand in the country.



- **Aseelah IWP:**

Aseelah IWP has achieved the commercial operation of the plant with a production capacity of 80,000 m³ per day.

- **Barka V IWP:**

OPWP continued supervising the implementation of Barka V IWP with a capacity of 100,000 m³ per day, with a targeted SCOD of Q2 2024.

- **Ghubrah III IWP:**

OPWP continued supervising the implementation of Ghubrah III IWP with a capacity of 300,000 m³ per day, and the project is contracted to provide early water at 150,000 m³ per day.

- **Wadi Dayqah IWP:**

OPWP has initiated the development activities of its Wadi Dayqah project.



Other initiatives:

These includes planning for the future power and water capacities and grid requirements, progress in the electricity sector and a focus on improving processes.

- **Power & Water 2024 Project:**

OPWP has initiated the Power and Water 2024 procurement process to meet the expected growth in demand from 2024 onwards.

- **Ancillary Services Contract:**

OPWP, and in coordination with different stakeholders, has entered into the ancillary services contract with Al Rusail Power Plant to meet the grid requirements for 2023.

- **Electricity Spot Market:**

OPWP's Electricity Spot Market started its operations on 1st January 2022. The start of the Electricity Spot Market operation is an important step towards more liberalisation of the electricity sector.

- **Automated Invoice Verification System (AIVS):**

OPWP is in the process of automating the invoice verification process and awarded the project to develop the invoice verification system.

- **Energy Exports:**

The successful execution of an international power transaction with a capacity of up to 400 MW is a significant achievement and highlights the Sultanate of Oman's ability to engage in international energy transactions.



FUTURE OUTLOOK

OPWP is pleased to provide an overview of the key priorities and projects that OPWP will focus on in 2023. Our goal is to continue to provide reliable and efficient power and water capacity and output to our customers while promoting sustainable energy development in the country.

HSE

HSE will remain a top priority for OPWP, and we will continue to take proactive steps to reach zero harm in all our activities.

Renewables Energy Projects:

- Commencement of the construction activities for Manah Solar I and II IPPs.
- Release of request for qualification and request for proposal for three Wind IPPs at Duqm, Jalaan Bani Bu Ali, and Harweel.
- Release of request for qualification and request for proposal for Waste to Energy IPP (in coordination with Be'ah).
- Release of request for qualification and request for proposal for Ibri III Solar IPP.
- Initiation of a feasibility study for concentrated solar power (CSP) project.
- Initiation of a study on energy storage options and optimum energy mix.

Water Desalination Projects:

- Construction of Barka V IWP with a capacity of 100,000 m³ per day with COD by Q2 2024.
- Commencement of construction activities for Al Ghubrah III IWP with a capacity of 300,000 m³ per day.

Other Projects:

- Evolution of the electricity spot market during the second year of operation and leveraging of the market benefits. Establish the capabilities to perform effective market analysis, monitoring and development.
- Release of request for proposal for Power and Water 2024 project.
- Initiation of a study on review of electricity bulk supply methodology.
- Development and implementation of the dispatch and outages platform for the Automated Invoice Verification System (AIVS).
- Continued focus on building local capabilities within the company to strengthen sustainability and business continuity.



COMPANY PROFILE

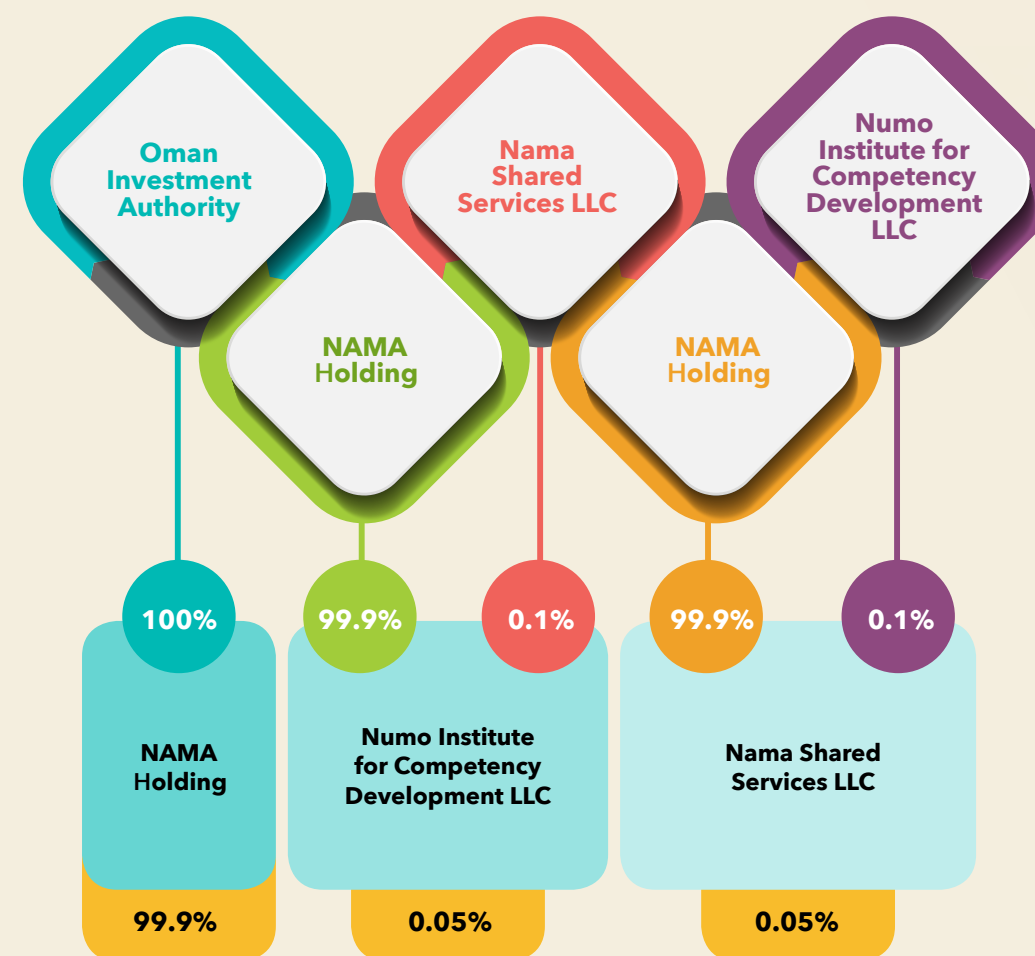


SHAREHOLDERS' STRUCTURE

Oman Power and Water Procurement Company SAOC (a member of Nama Group) was established as a closed joint stock company (SAOC) in 2003. The Law for the Regulation and Privatization of the Electricity and Related Water Sector (the Sector Law) promulgated by Royal Decree no. (78/2004) states the functions and duties of the Company. The Transfer Scheme issued pursuant to the Sector Law gave effect to the transfer of electricity and related water activities from the Ministry of Housing, Electricity & Water to the newly established companies in accordance with the functions set for each company. The Transfer Scheme came into effect from 1 May 2005. The Company has a capital of OMR 8,100,000 (Eight Million and One Hundred Thousand Omani Rials) divided into Eight Million and One Hundred Thousand shares, each with a nominal value of one Omani Rial.

The Company is wholly owned by the Government of the Sultanate of Oman through Oman Investment Authority with 99.99% of the Company's shares held by the NAMA Holding on behalf of the Government.

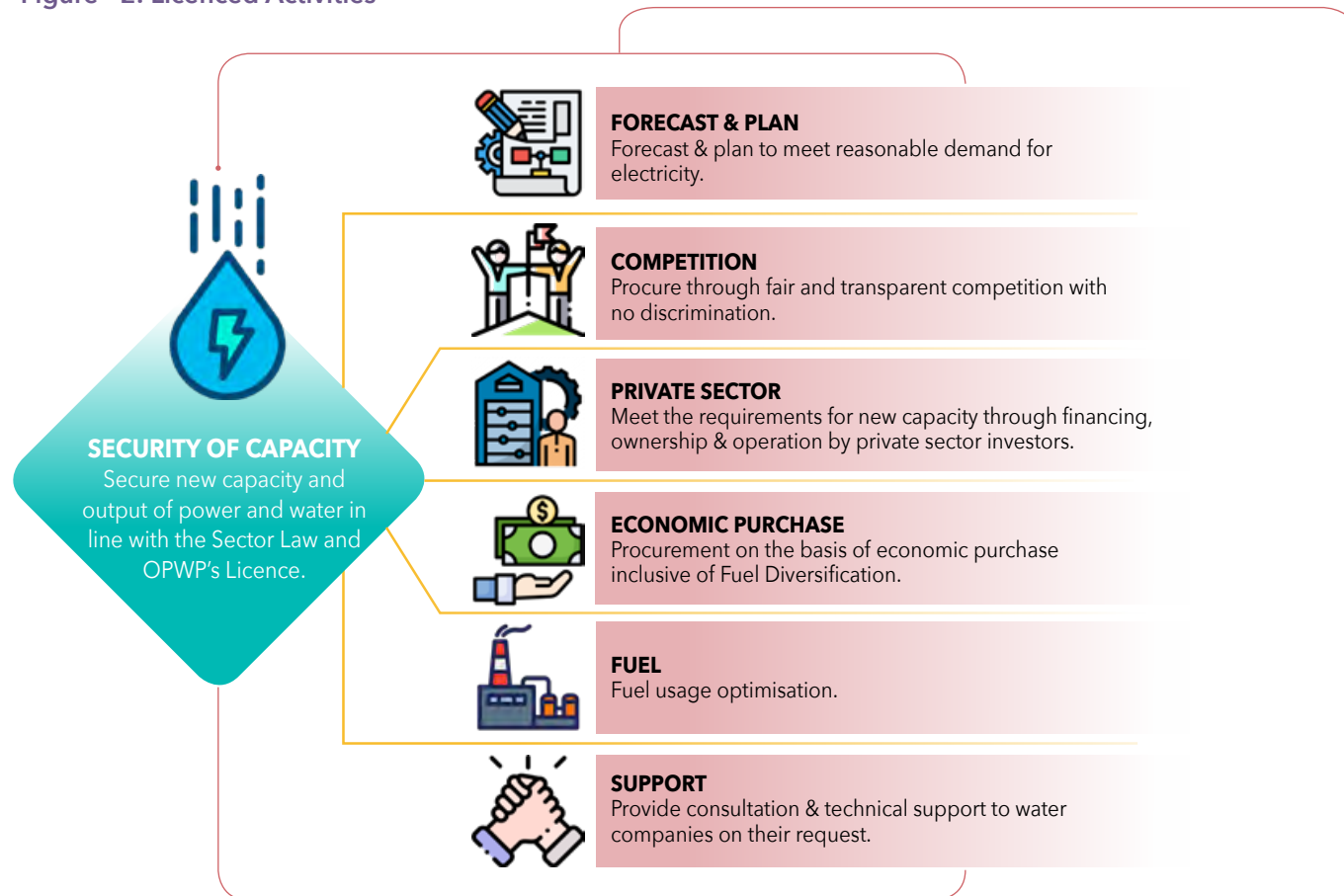
Figure - 1: Shareholder's Structure



LICENCED ACTIVITIES

The Company is carrying out the activities as stated in its licence and in accordance with the Sector Law.

Figure - 2: Licenced Activities



COMPANY'S STRATEGY

Vision & Mission Statements

Figure - 3: Visions & Mission Statements



Values

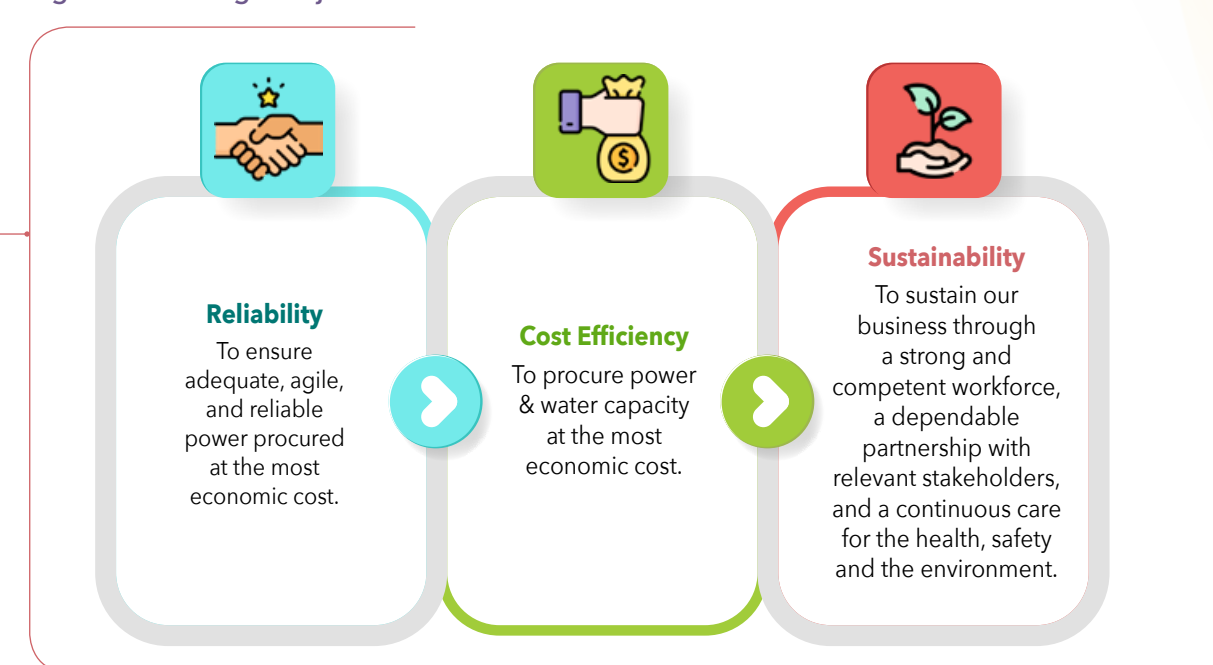
In addition to the group values, the company is committed to achieve its mission through the following governing values:

Figure - 4: Values



Strategic Objectives

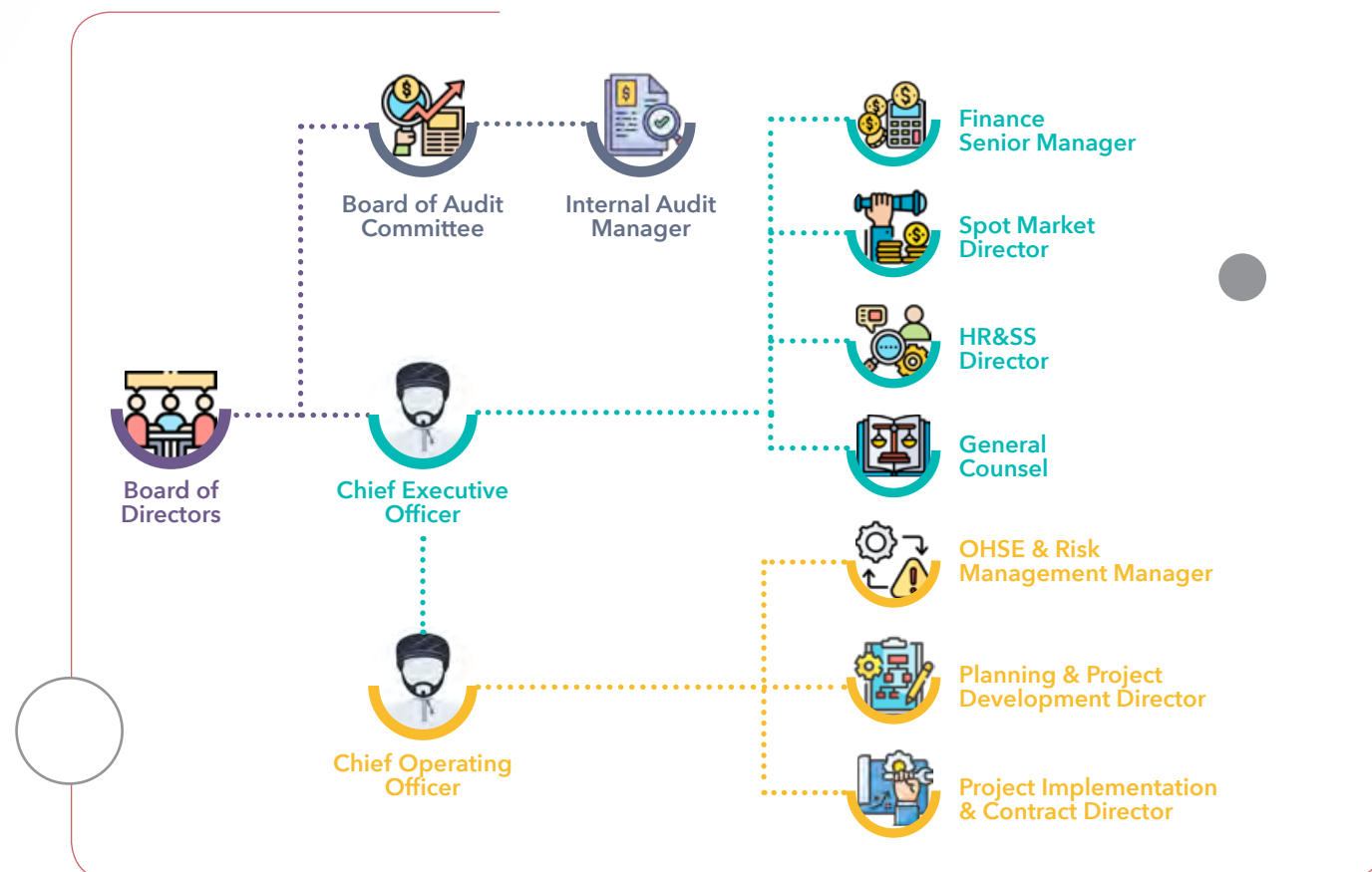
Figure - 5: Strategic Objectives



ORGANIZATION STRUCTURE & FUNCTIONS

OPWP has configured its organization structure to implement the strategic objectives and initiatives most efficiently and effectively.

Figure - 6: Organisation Structure



Core Functions

- **Planning & Project Development:** There are two major functions under the Planning and Project Development (PPD) Department – Planning and Economics (PE) and Project Development (PD).

The PE function is responsible for several tasks, including forecasting demand for electricity, planning for new capacity and output to meet the generating security planning standard set out in the OPWP licence, forecasting gas requirements, as well as determining and publishing the Bulk Supply Tariffs for Electricity and Water. Additionally, it conducts various strategic studies to meet its forecasting and planning needs and supports to the government on related policy matters.

The project development function initiates the development of the project based on the direction of the PE function. The PE function also participates in project feasibility studies and related economic analysis during the procurement and project development process. It maintains the system simulation models that are used to conduct these studies, project electricity and water procurement costs for budgeting purposes, and consider various scenarios toward understanding risk impacts.

The PD function is responsible for developing/structuring of power and water capacity requirements into generation and water desalination projects and procuring these projects through fair and transparent competition open to local and foreign investors. The PD function also ensures that the procurement complies with the Economic Purchase Obligation (as defined in the Sector Law) and that all relevant contracts are in place before the project moves to the implementation phase.

- **Project Implementation and Contracts:** The Project Implementation and Contracts (PIC) Department has two major functions – Projects Implementation and Contracts Management.

The Project Implementation function is responsible for overseeing the project implementation stage (construction phase) and ensuring that the projects have been delivered as per the requirements of the respective PPAs/WPAs in a safe and timely manner. The team monitors the project implementation through site visits, HSE inspection, review of project progress reports, meetings with the project team to assess the progress, and escalates critical issues. The team also supports in obtaining approval and consent from various government departments during the implementation phase. After the achievement of commercial operation, the project documents are handed over to the Contracts Management function to manage the contracts for the remaining life of the contract.

The Contracts Management function is responsible for managing all the PPA/WPA/PWPA's throughout the life of the contract once the projects achieve commercial operation. Apart from reviewing and certifying the monthly invoices of the generators, the team reviews various claims submitted by the generators in coordination with the Regulatory & Compliance team. Additionally, the team monitors plant performance to ensure that the generators discharge their obligations under the respective agreements and witnesses performance tests on an annual basis. The department also acts as an intermediary between the generators and related entities such as APSR, OWWSC, MEM, EA, and OETC as and when required.

- **Market Operator:** The development and implementation of the Market Management System have been completed successfully, and the market began live operations on 1 January 2022. With the introduction of the Spot Market in Oman, OPWP will purchase some electricity through short-term market runs each day, with prices for each half-hour set based on what generators have offered to sell. The electricity market will continue to evolve in the coming years. The Market Operator publishes an annual report for its operation, as mandated by the Market Rules.

Support Functions

- **QHSE:** The scope of the QHSE function is not restricted to OPWP staff but includes projects under construction as well as existing generators concerning HSE. In coordination with relevant entities, the department is tasked to review HSE policies and procedures, develop an HSE audit plan, arrange/conduct audits, identify improvement opportunities and report to the Management. As for quality, the department ensures that the Quality Management System is effectively implemented and conforms to ISO 9001:2015. The department is also responsible for managing the Enterprise Risk Management process by periodically reviewing it and reporting to the Audit Committee.
- **Regulatory & Compliance:** The Regulatory and Compliance is responsible for ensuring that the company fully complies with licencing conditions and meets all legal requirements of the business. Additionally, the department manages the legal issues related to PPA/WPA/PWPA's and actively engages with the counterparties to resolve pending disputes. The team also provides support during the project development and management of agreements, as and when required. Furthermore, the department also oversees the company's centralised procurement function.
- **Human Resources & Support Services:** The Human Resource and Support Services (HRSS) is primarily responsible for various HR related matters, including recruitment, training & development, Omanisation policy and initiatives, payroll, and employee performance. Additionally, the department oversees administration, document control, IT function, and corporate communication.
- **Finance & Accounting:** The Finance Department is responsible for overseeing the accounting and finance functions within the company. Its primary duties involve ensuring that the company has adequate cash flows to meet its contractual obligations, as well as managing business planning, price control, budgeting, and management reporting. In addition, the department is responsible for preparing statutory financial statements and regulatory financial statements to meet the legal and licence requirements.

BUSINESS REVIEW

OPWP is committed to achieving ambitious goals to diversify the sources of electricity generation. New solar and wind projects are projected to contribute almost 11% of electricity production by 2025, and efficient utilisation of gas consumption will continue to improve over the planning horizon. In early 2022, OPWP launched the region's first wholesale electricity spot market. It will drive further efficiency improvements and provide a means for generation capacity that is not contracted to OPWP to sell power into the national grid.

OPWP will continue to add water desalination projects to meet the growing demand for water in the country. In addition, OPWP is persistently working towards automating its business processes and making enhancements to boost its operational efficiency and effectiveness. OPWP's achievements and priorities are towards achieving its goals and objectives.

SIGNIFICANT ACHIEVEMENTS OF THE YEAR 2022

In the year 2022, OPWP faced a multitude of challenges. Despite this, the Company achieved success through the completion of several initiatives, which include, but are not limited to, the following:

Renewable Energy Projects:

Following Oman Vision 2040, and the target set for 2030 and 2040, OPWP is continuing to diversify its energy generation portfolio and develop renewable energy projects. OPWP focuses on diversifying renewable energy resources by optimising the availability of natural resources and a commitment towards sustainability. The favourable economic costs of wind and solar PV technologies drive renewable project development.

Solar Energy Projects:

OPWP has progressed the procurement of the two solar energy projects, 500 MW each, at Ad Dakhiliyah Governate (Manah Solar I and Manah Solar II) and the evaluation of bids is in progress. Additionally, OPWP has initiated the development activities for a new solar project of 500W named Ibri III Solar project.

Wind Energy Projects:

OPWP has completed a one-year ground wind data gathering exercise at Ras Madrakah and Sadah as part of its Wind Resource Assessment. This data will serve as a foundation for the evaluation of the feasibility of wind projects at each site. The company has also initiated the development activities of three wind projects at Duqm, Jalaan Bani Bu Ali, and Harweel.

Waste to Energy Project:

OPWP has completed the feasibility study and resumed the development activities of its Waste to Energy project.

Water Desalination Projects:

OPWP's continuous focus on the water projects development demonstrates its commitment towards meeting growing water demand in the country.



- **Aseelah IWP:**

OPWP has achieved the commercial operation of its Aseelah IWP with a production capacity of 80,000 m³ per day.

- **Barka V IWP:**

OPWP is implementing its Barka V IWP with a capacity of 100,000 m³ per day, with a targeted SCOD of Q2 2024.

- **Ghubrah III IWP:**

OPWP is implementing its Ghubrah III IWP with a capacity of 300,000 m³ per day, and the project is contracted to provide early water at 150,000 m³ per day.

- **Wadi Dayqah Project:**

OPWP has initiated the development activities of its Wadi Dayqah project.

Other Initiatives

These includes planning for the future capacity and grid requirements, progress in the electricity sector and a focus on improving processes.



- **Power & Water 2024:**

OPWP has initiated the Power and Water 2024 procurement process to meet the expected growth in demand from 2024 onwards.

- **Ancillary Services Contract:**

OPWP, and in coordination with different stakeholders, has entered into the ancillary services contract with Al Rusail Power Plant to meet the grid requirements for 2023.

- **Electricity Spot Market:**

OPWP's Electricity Spot Market started its operations on 1st January 2022. The start of the Electricity Spot Market operation is an important step towards more liberalisation of the electricity sector.

- **Automated Invoice Verification System (AIVS):**

OPWP is in the process of automating invoice verification process (AIVS) and awarded the project for system development.

- **Energy Exports**

The successful execution of an international power transaction with a capacity of up to 500 MW is a significant achievement and highlights the Sultanate of Oman's ability to engage in international energy transactions.

2023 KEY PRIORITIES

The Board is pleased to provide an overview of the key priorities and projects that OPWP will focus on in 2023. Our goal is to continue to provide reliable and efficient power and water capacity and output to our customers while promoting sustainable energy development in the country.

HSE

HSE will remain a top priority for OPWP, and we will continue to take proactive steps to reach zero harm in all our activities.

Renewables Energy Projects:

- Commencement of the construction activities for Manah Solar I and II IPPs.
- Release of request for qualification and request for proposal for three Wind IPPs at Duqm, Jalaan Bani Bu Ali, and Harweel.
- Release of request for qualification and request for proposal for Waste to Energy IPP (in coordination with Be'ah).
- Release of request for qualification and request for proposal for Ibri III Solar IPP.
- Initiation of a feasibility study for concentrated solar power (CSP) plant.
- Initiation of a study on energy storage options and optimum energy mix.

Water Desalination Projects:

- Construction of Barka V IWP with a capacity of 100,000 m³ per day with COD by Q2 2024.
- Commencement of construction activities for Al Ghubrah III IWP with a capacity of 300,000 m³ per day.

Other Projects:

- Evolution of the electricity spot market during the second year of operation and leveraging of the market benefits. Establish the capabilities to perform effective market analysis, monitoring and development.
- Release of request for proposal for Power and Water 2024 project.
- Initiation of a Bulk Supply Tariff (BST) review study.
- Development and implementation of the Automated Invoice Verification System (AIVS).
- Continued focus on building local capabilities within the company to strengthen sustainability and business continuity.

FINANCIAL HIGHLIGHTS

UNDER REGULATORY FRAMEWORK

Table - 1: Inflow of Funds

OMR '000	2022	2021
Bulk Supply Revenue (Power)	764,287	743,383
Bulk Supply Revenue (Water)	143,336	152,866
Finance & Other Revenue	838	1,408
Total	908,461	897,657

Figure - 7: Inflow of Funds

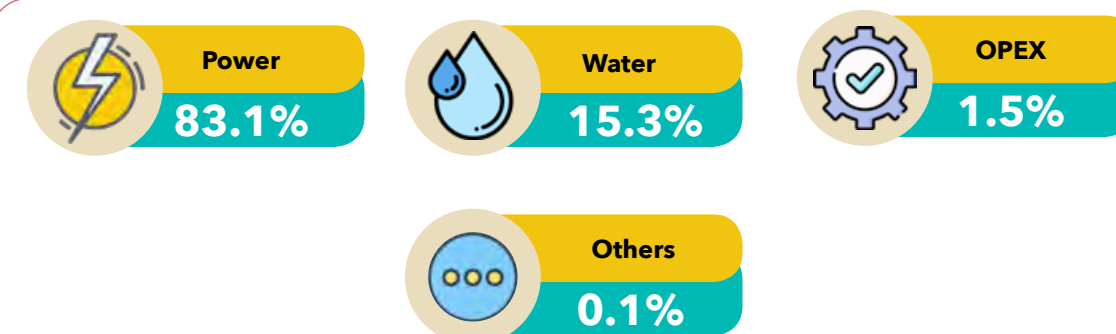


Table - 2: Outflow of Funds

OMR '000	2022	2021
Power Purchase	753,355	737,275
Water Purchase	138,921	142,437
Other Cost (Others)	727	2,727
OPEX & Finance cost	13,233	13,815
Total	906,236	896,254

Profit/Loss before Tax - Regulatory Framework	2,225	1,403
Net Implications of IFRS - 9 & IFRS - 16	(18,733)	(26,842)
Profit/Loss before Tax - IFRS	(16,508)	(25,439)

Figure - 8: Outflow of Funds

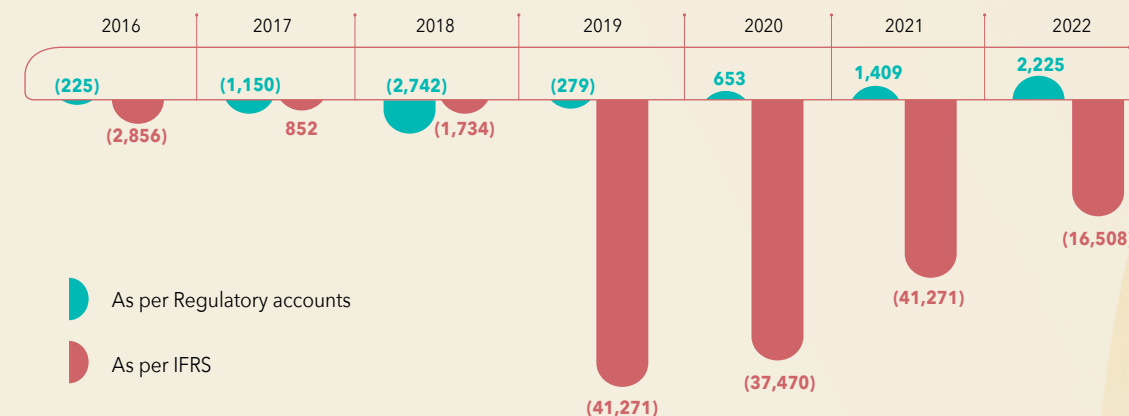


OPWP is a party to several long-term power and water purchase agreements. From 2019 onwards, these contracts are treated as finance leases under IFRS - 16, meaning that the leases assets and lease liabilities must be capitalised. The leased assets are amortised on a straight-line basis over the contract period, while the lease liabilities are amortised based on the incremental borrowing rate. Additionally, the bulk supply agreement with water departments is recognised as a sub-leases under IFRS - 16. However, the regulatory framework recognises the contractual payment obligations under long term power and water purchase agreements as the costs that can be recovered through bulk supply revenue under the price control.

In the financial statements, OPWP records revenue for electricity for the MIS and DPS system based on the payment obligations approach set by the price control. However, it records costs based on finance lease accounting, including depreciation on leased assets and interest on lease liabilities. The loss in the income statement and accumulated losses in the balance sheet result from the inconsistency in the accounting for revenues and costs for electricity. For water, both the revenue and cost are recognised based on the lease and sub-lease accounting, respectively under IFRS - 16 and do not impact net profit. The electricity revenue and costs for Musandam IPP are also recognised as lease and sub-lease under IFRS - 16 and do not impact the bottom line of the income statement. The below chart reflects the profitability position measured based on the two frameworks over the seven years. In 2022, the company made a net profit before tax of OMR 2.2 million according to the regulatory framework.

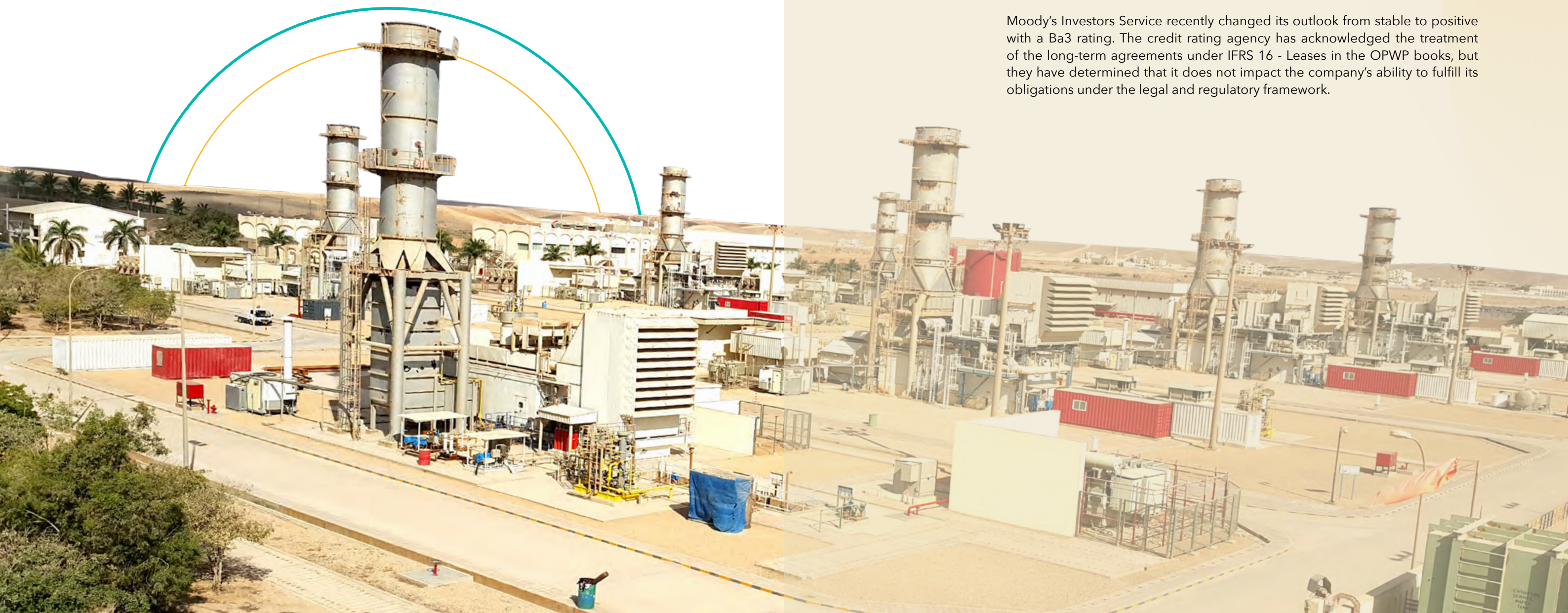
Figure - 9: Profit Before Tax - Regulatory Framework Vs IFRS

Profit before Tax OMR'000



CREDIT RATINGS

Moody's Investors Service recently changed its outlook from stable to positive with a Ba3 rating. The credit rating agency has acknowledged the treatment of the long-term agreements under IFRS 16 - Leases in the OPWP books, but they have determined that it does not impact the company's ability to fulfill its obligations under the legal and regulatory framework.





OPERATIONAL HIGHLIGHTS

ELECTRICITY - COST & REVENUE

Purchase Cost - MIS, DPS & MPS

The improvement in the cost per MWh for MIS is mainly due to the expired PPAs during 2022, and the improvement in MPS is primarily due to an increase in the energy delivered while offsetting the implications of an increase in gas price.

In the case of DPS, the increase in average cost per MWh is largely due to suboptimal economic dispatch from the plants due to system security considerations combined with increased gas prices. From 2022 onwards, the purchase cost for the rural area from RAECO will be charged back to MJEC and DISC for their respective regions.

Table - 3: Electricity Purchase Cost

Particular	Units	2022	2021	Variance (%)
Main Interconnection System (MIS)				
Cost of Purchase	OMR' 000	589,767	613,758	-4%
Units Purchased	GWh	35,492	35,079	-1%
Average Cost per MWh	OMR	16.617	17.496	-5%
Dhofar Power System (DPS)				
Cost of Purchase	OMR' 000	120,830	105,338	15%
Units Purchased	GWh	3,628	3,342	9%
Average Cost per MWh	OMR	33.302	31.519	6%
Musandam Power System (MPS)				
Cost of Purchase	OMR' 000	18,468	18,178	2%
Units Purchased	GWh	410	395	4%
Average Cost per MWh	OMR	45.073	46.02	-2%
Rural				
Cost of Purchase	OMR' 000	24,290	-	-

REVENUE - MIS, DPS & MPS

OPWP sells electricity to distribution companies based on bulk supply tariffs determined annually by OPWP and approved by APSR. The bulk supply tariff enables OPWP to recover its purchase and procurement costs in accordance with the price control formula in the licence.

Any excess or shortfall in revenue above or below the maximum allowed is carried forward and adjusted as a correction factor in the following year. Therefore, the bulk supply tariff and average revenue per unit in any given year are influenced by purchase costs of that year, as well as any over- or under-recovery from the previous year. The bulk supply tariff for MIS and DPS is determined by combining the costs of MIS and DPS. In contrast, the cost of Musandam is ringfenced and separately recovered through the bulk supply tariff for Musandam.

Table - 4: Electricity Bulk Supply Revenue

Particular	Units	2022	2021	Variance (%)
Main Interconnection System (MIS)				
Bulk Supply Revenue for MIS (Power)	OMR' 000	657,603	659,700	-0.3%
Units Sold	GWh	35,492	34,785	2.0%
Bulk Supply Revenue per MWh	OMR	18.528	18.965	-2.3%
Exports				
Revenue from Exports	OMR' 000	7,426	838	786.1%
Dhofar Power System (DPS)				
Bulk Supply Revenue for DPS (Power)	OMR' 000	69,057	63,915	8.0%
Units Sold	GWh	3,628	3,342	8.6%
Bulk Supply Revenue per MWh	OMR	19.032	19.125	-0.5%
Musandam Power System (MPS)				
Bulk Supply Revenue for Musandam (Power)	OMR' 000	18,894	18,025	4.8%
Units Sold	GWh	410	395	4%
Bulk Supply Revenue per MWh	OMR	46.113	45.633	1.1%
Rural				
Revenue from Power	OMR' 000	24,290	-	-

WATER - COST & REVENUE

OPWP sells water to Oman Water and Waste Water Services Company (OWWSC) in MIS and Dhofar Integrated Services (DIS) in DPS. The prices charged for the bulk supply of water are determined annually by OPWP and approved by APSR. The bulk supply tariff allows OPWP to recover its purchase and procurement costs as per the price control formula in its licence. If the bulk supply revenue exceeds or falls short of the maximum allowed amount, the excess or shortfall can be carried forward and adjusted as a correction factor in the following year. Therefore, bulk supply tariff and average revenue per unit in any given year are influenced by purchase costs of that year and the carry forward over/under-recovery from the previous year.

Table - 5: Water - Purchase Cost & Revenue

Particular	Units	2022	2021	Variance (%)
Cost of Purchase	OMR' 000	138,921	142,437	-2%
Units Purchased	000 m ³	408,578	391,023	4%
Average Cost per m ³	OMR	0.340	0.364	-6%
Bulk Supply Revenue (Water)	OMR' 000	150,112	150,041	0%
Bulk Supply Revenue per m ³	OMR	0.367	0.384	-4%



OPERATIONAL PERFORMANCE

PROCUREMENT & BULK SUPPLY ARRANGEMENTS

OPWP purchases electricity and desalinated water in accordance with the Power Purchase Agreements (PPAs), Power and Water Purchase Agreements (PWPAs), and Water Purchase Agreements (WPA) with various generators and desalination companies. These PPAs and PWPAs is typically 15 years and WPAs for 20 years.

Table - 6: Long Term Power & Water Purchase Agreements (2022)

Project Name	Project Company	Type	Status	Contract	Contract Expiry	Net Power Capacity in	Water
				Start		(MW Contracted)	(MIGD)
IPPs							
Barka III IPP	Al Suwadi Power Company (SAOC)	PPA	Operational	2013	2028	766	-
Dhofar Wind IPP	Rural Area Electricity Company (SAOC)	PPA	Operational	2019	2034	49.4	-
Ibri II Solar IPP	Shams Ad Dhahirah Generating Company (SAOC)	PPA	Operational	2020	2037	500	-
Ibri IPP	Ad Dhahira Generating Company (SAOC)	PPA	Operational	2019	2034	1,535	-
Musandam IPP	Musandam Power Company	PPA	Operational	2016	2031	123	-
Salalah II IPP	Dhofar Generating Company (SAOC)	PPA	Operational	2014	2033	717	-
Sohar II IPP	Al Batinah Power Company (SAOC)	PPA	Operational	2013	2028	766	-
Sohar III IPP	Shinas Generating Company (SAOC)	PPA	Operational	2019	2034	1,738	-
Sur IPP	Phoenix Power Company (SAOC)	PPA	Operational	2014	2029	2,018	-



Project Name	Project Company	Type	Status	Contract	Contract Expiry	Net Power Capacity in	Water
				Start		(MW Contracted)	(MIGD)
IWPPs							
Barka II IWPP	SMN Barka Power Company (SAOC)	PWPA	Operational	2009	2024	688	26.4
Salalah IWPP	SembCorp Salalah Power and Water Company (SAOC)	PWPA	Operational	2012	2027	445	15
IWPs							
Barka IV IWP	Barka Desalination Company (SAOC)	WPA	Operational	2018	2038	-	61.8
Ghubrah II IWP	Muscat City Desalination Company (SAOG)	WPA	Operational	2014	2034	-	42
Qurayyat IWP	Qurayyat Desalination Company (SAOC)	WPA	Operational (but not achieved COD)	2017	2037	-	44
Salalah III IWP	Dhofar Desalination Company	WPA	Operational	2020	2040	-	25
Sohar IV IWP	Myah gulf Oman Desalination Company (SAOC)	WPA	Operational	2018	2038	-	55
Sur II IWP	Al Sharqia Desalination Company (SAOG)	WPA	Operational	2014	2036	-	29
Barka I IWP	ACWA Barka Company (SAOG)	WPA	Operational	RO 1: 2012 RO2: 2015	2024	-	22.5
Asselah IWP	Al Asialah Desalination Company (SAOC)	WPA	Operational	2021	2041	-	18

For MIS, Contracted capacities are shown at 45°C, adjusted from the reference condition of 50°C using contractually agreed upon correction factors and as reported as net of plant auxiliaries.

For DPS, Contracted Capacities are rated on a net basis (i.e. after allowing for auxiliary consumption inside the plants) at 35°C ambient temperatures output.

CAPACITY UTILISATION - POWER & WATER

OPWP procures capacity to meet the demand as per its statutory obligations. The following table shows the capacity utilisation at the time of system peak of 2022.

Table - 7: Peak Capacity Utilisation (Power) - 2022

Project	%
MIS	
Manah	23
Rusail IPP	15
Barka 2 IWPP (Power)	50
Sohar 2 IPP	52
Barka 3 IPP	74
Sur IPP	50
Ibri IPP	46
Sohar 3 IPP	49
Ibri II IPP	63
DPS	
Sembcorp IWPP (Power)	36
Salalah II IPP - Old NPS	15
Salalah II IPP - New	43
Wind IPP	29
MPS	
Musandam IPP	38

CAPACITY UTILISATION - WATER

The overall capacity utilisation for water during 2022 is as under:

Table - 8: Capacity Utilisation (Water) - 2022

Project	%
Water MIS	
Ghubrah 2 IWP	96
Barka 1 Expansion 1 IWP	60
Barka 1 Expansion 2 IWP	55
Sohar 1 IWPP (Water)	1
Barka 2 IWPP (Water)	79
Qurayyat IWP	98
Sur IWP and Extension	83
Barka 4 IWP	81
Sohar 4 IWP	60
Water DPS	
Salalah III IWP	64
Sembcorp IWPP (Water)	59

PURCHASE AND SALE OF POWER & WATER DURING 2022

Figure - 10: MIS - Purchase and Sale of Electricity & Water

Purchase from Generation Companies:

Plant	Power (GWh)	Water (MCM)
Al Rusail IPP	297 GWh	-
Manah IPP	69 GWh	-
Al Kamil IPP	0.07 GWh	-
Sohar II IPP	3,156 GWh	-
Barka III IPP	4,922 GWh	-
Sur IPP	8,714 GWh	-
Ibri IPP	6,235 GWh	-
Sohar III IPP	7,338 GWh	-
Ibri II Solar IPP	1,489 GWh	-
Barka I IWPP	1 GWh	21 MCM
Sohar I IWPP	79 GWh	0.4 MCM
Barka II IWPP	2,327 GWh	34 MCM
Sur IWP	-	40 MCM
Ghubrah IWP	-	67 MCM
Barka IV IWP	-	83 MCM
Sohar IV IWP	-	54 MCM
Qurayat IWP	-	65 MCM
Aseelah IWP	-	3 MCM



Total Power	35,492 GWh
Total Water	368 MCM

Bulk Supply Quantity

Muscat Electricity Co.	13,044 GWh
Mazoon Electricity Co.	11,020 GWh
Majan Electricity Co.	11,428 GWh
OWWSC	368 MCM

Figure - 11: DPS - Purchase and Sale of Electricity & Water

Purchase from Generation Companies:

Plant	Power (GWh)	Water (MCM)
Salalah IPP (old)	308 GWh	-
Salalah IPP	1663 GWh	-
Salalah IWPP	1,601 GWh	15 MCM
Dhofar Wind IPP	115 GWh	-
Others	-59 GWh	-
Salalah III IWP	-	26 MCM



Total Power	3,628 GWh
Total Water	41 MCM

Bulk Supply Quantity

DISC	3,628 GWh
DISC	41 MCM

Figure - 12: MPS - Purchase & Sale of Electricity

Purchase from Generation Companies:

Plant	Power (GWh)
Musandam IPP	410 GWh



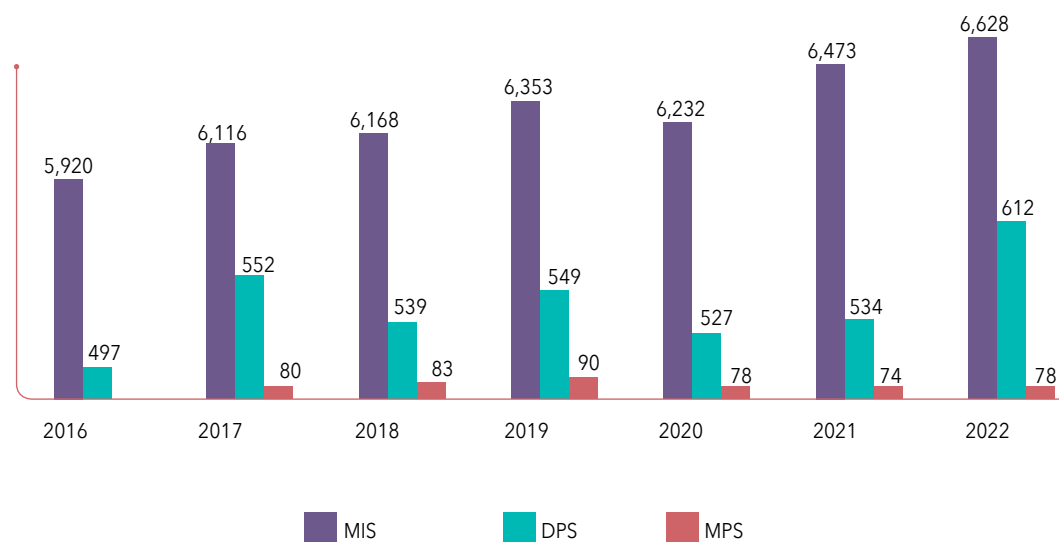
Total Power	410 GWh
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Bulk Supply Quantity

Majan Electricity Co	410 GWh
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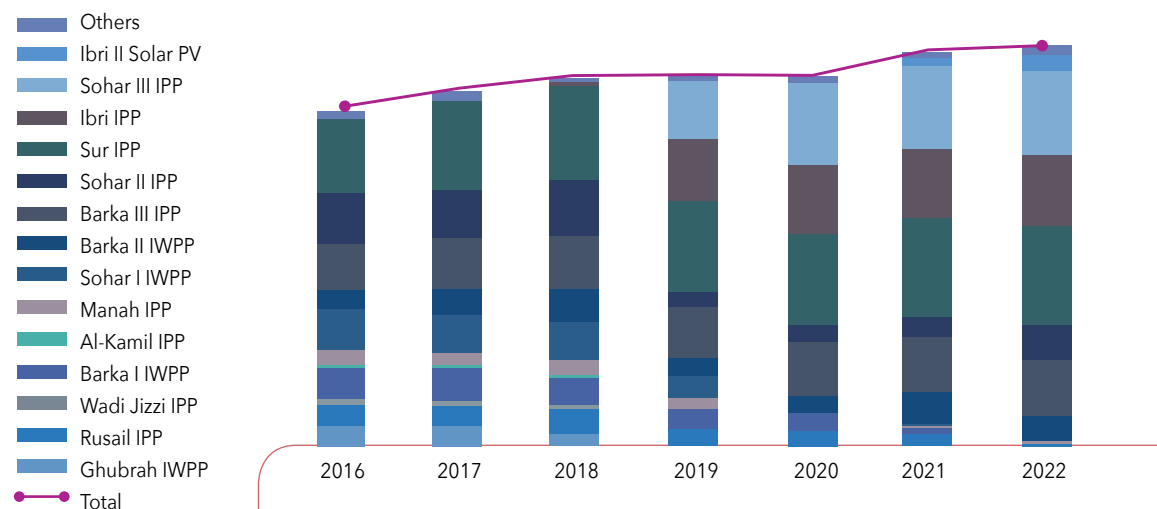
ELECTRICITY DEMAND & GENERATION RESOURCES (2016-2022)

Figure - 13: Power Peak Demand in MIS, DPS & MPS (2016-2022)



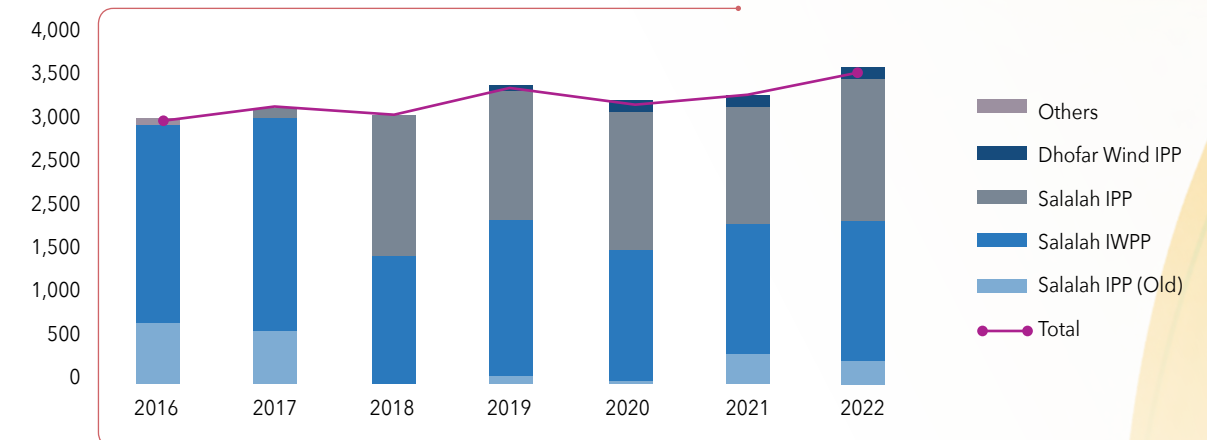
The peak demand in the MIS has increased from 5920 MW in 2016 to 6,628 MW in 2022 at an average annual growth rate of about 2% for MIS (as well as an increase of 2% in 2022 against 2021). The peak demand in DPS has increased at an average annual growth rate of 4% (an increase of 15% in 2022 compared to 2021). In Musandam, peak demand increase by 5% in 2022 compared to 2021.

Figure - 14: Electrical Energy Delivered to MIS (2016-2022)



The figure shows an increase in electrical energy at an average annual growth rate of 3% during 2016 - 2022 (with an increase of 2% in 2022 compared to 2021).

Figure - 15: Electrical Energy Delivered to DPS (2016-2022)



The figure shows an increase in electrical energy at an average annual growth rate of 2.9% during 2016-2022 (with an increase of 9% in 2022 compared to 2021).

FUEL EFFICIENCY

Natural gas is the primary source of fuel for power generation and associated water production which is supplied by the Ministry of Energy and Minerals (MEM). By introducing new efficient power plants, OPWP has steadily improved system efficiency and gas utilization.

Total gas consumption in the MIS in 2022 was about 6.712 billion Sm³, compared to about 6.928 billion Sm³ in 2021, a decrease of 3.1% gas consumption during this period.

Over the past years (2016 - 2022), the gas consumption in MIS and DPS has decreased at the average annual growth rate of 1.1%. Correspondingly, the fuel utilization rate (Sm³/MWh) has improved at an annual average rate of more than 3.6% over the last six years.

Figure - 16: Yearly Gas Consumption (MIS & DPS)

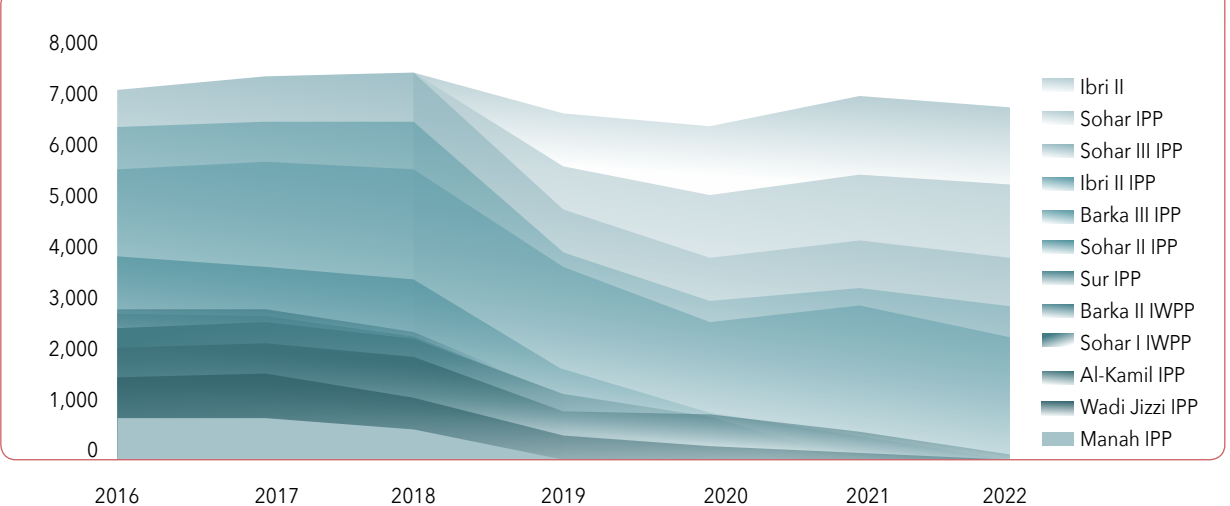
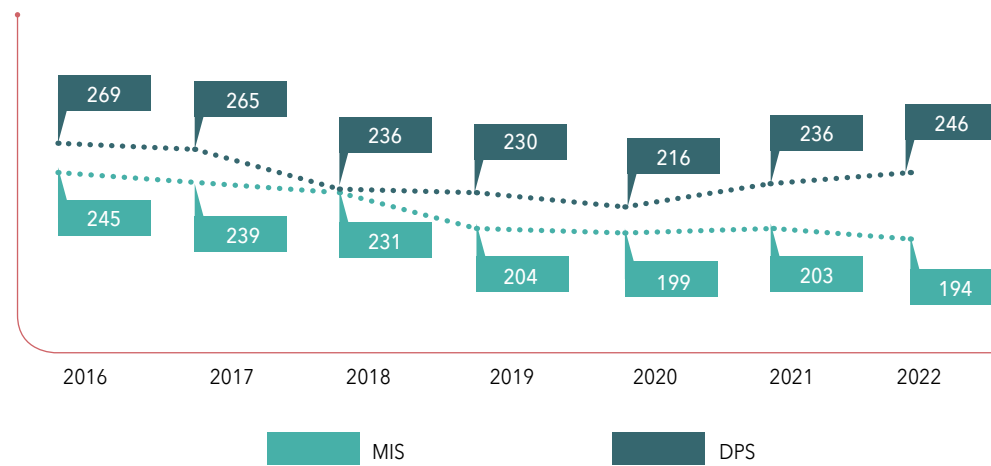


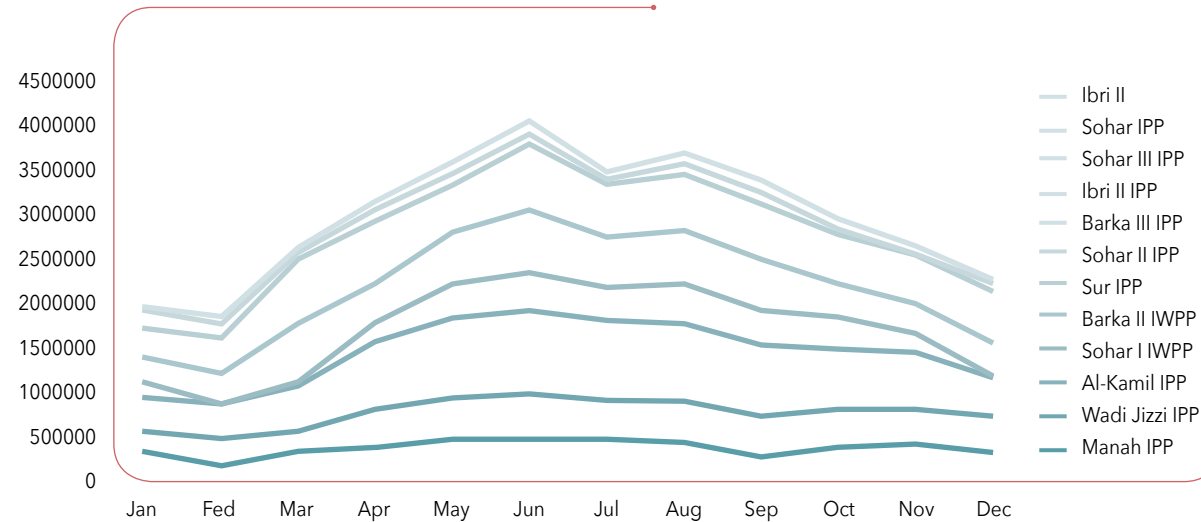
Figure - 17: Gas Utilization Rate from 2016-2022



The figure above shows that gas utilization rate (gas consumption per unit of power generation) has fallen on an average by 3.9% and 1.4% since 2016 respectively for MIS and DPS. For 2022 compared to 2021 the rate decreased by 4.3% in MIS and increased by 4.5% in DPS.

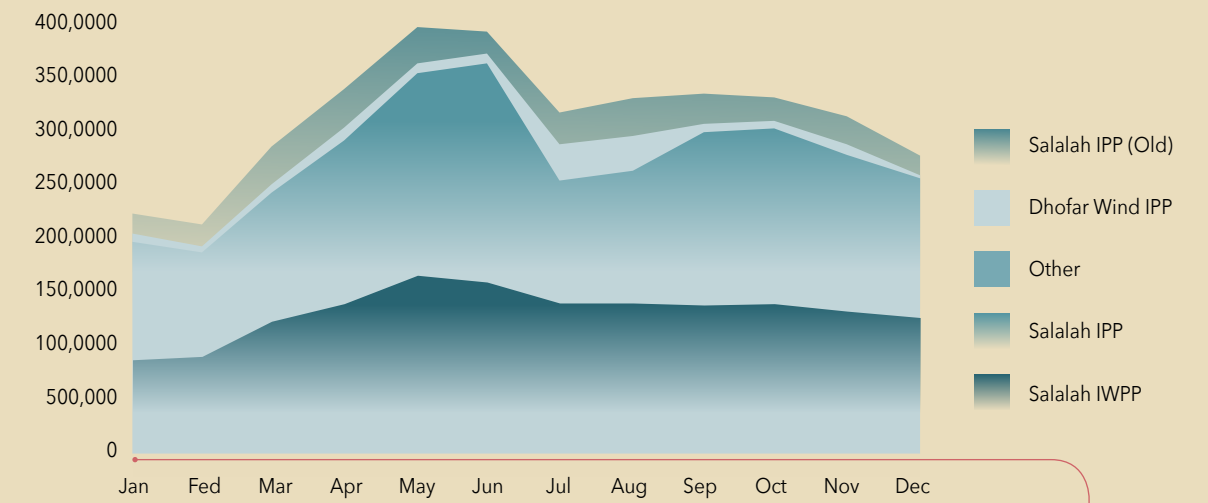
ENERGY DEMAND IN 2022

Figure - 18: Energy Demand Profile in 2022 - (MIS)



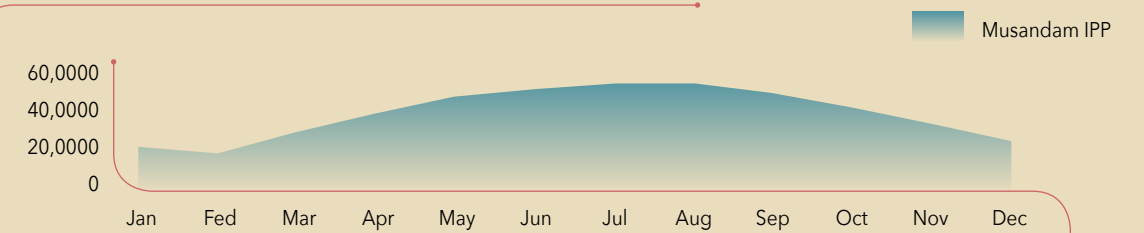
The electricity demand is seasonal in MIS, and the peak electricity requirement in June is more than twice the energy required in January.

Figure - 19: Energy Demand Profile in 2022 - (DPS)



In DPS, there are two power peaks. The first peak appears from April to June, and a relatively lower second peak occurs in September after Khareef.

Figure - 20: Energy Demand Profile in 2022 - (MPS)

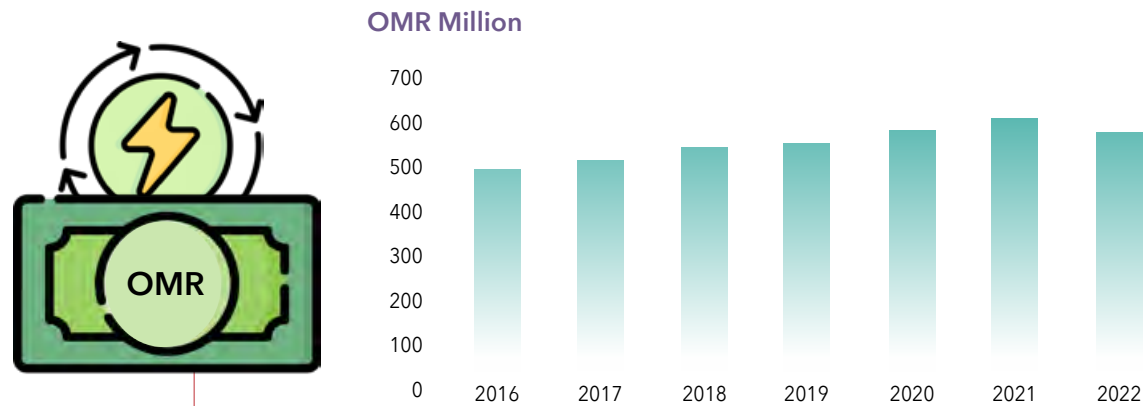


The electricity demand is seasonal in nature, and the peak requirement is in the period from July - August.



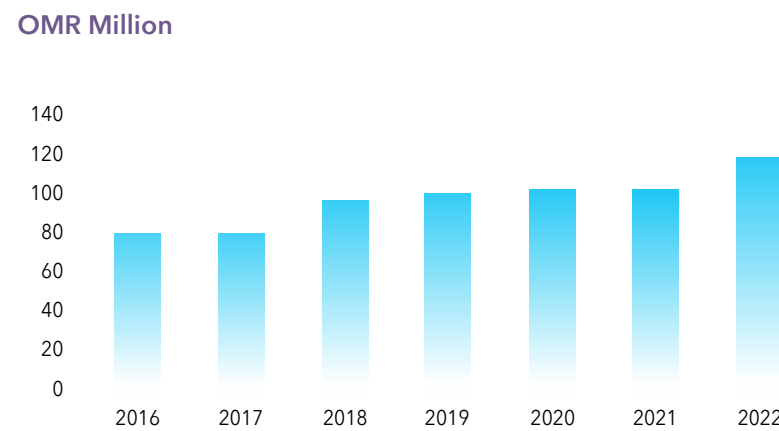
POWER PURCHASE COST

Figure -21: Power Purchase Cost - MIS



The cost of power purchased has increased at an average annual rate of about 2.8% from 2016 to 2022. In 2022, the cost of power decreased by 3.9% compared to 2021.

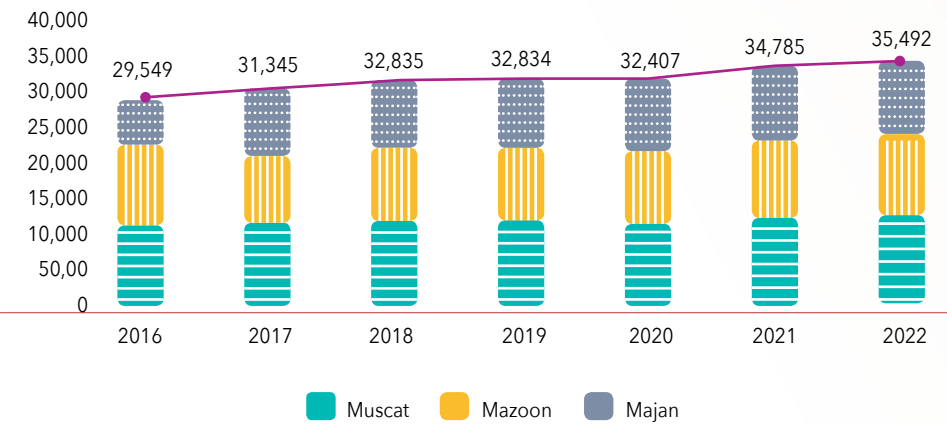
Figure -22: Power Purchase Cost - DPS



The cost of power purchase has increased at an average annual rate of about 6.8% from 2016 to 2022. In 2022, the cost of power increased by 15% compared to 2021.

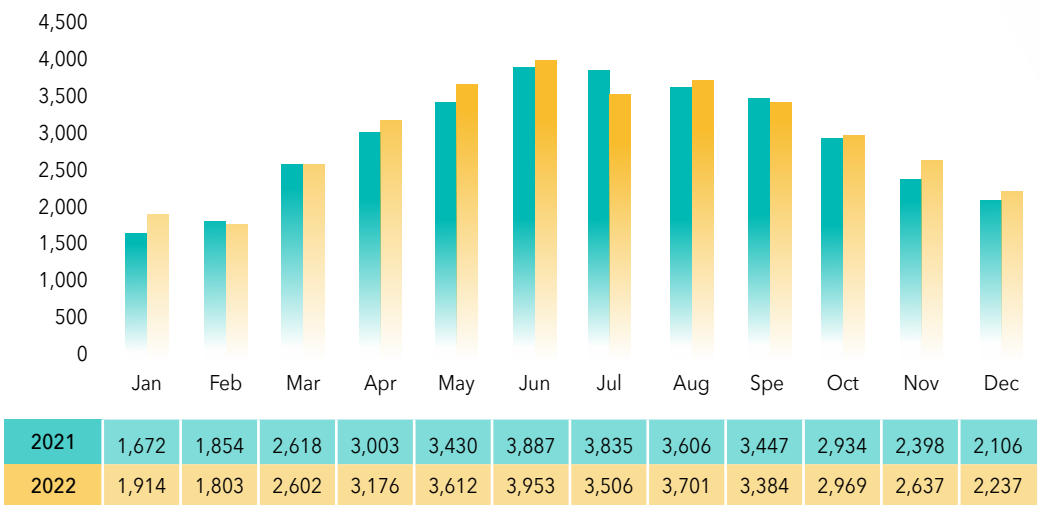
ELECTRICITY & WATER BULK SUPPLY STATISTICS

Figure - 23: Yearly Electricity Bulk Supply Quantities - MIS



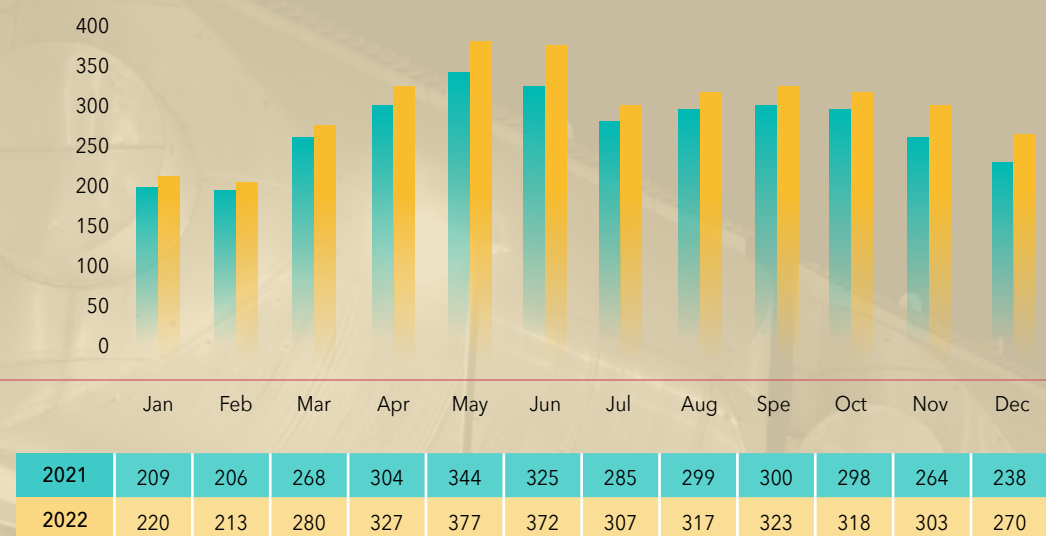
The Chart above shows the quantity increase in energy used by Muscat, Mazoon, and Majan distribution companies over the last six years. The bulk supply quantity increased by 3.1% annually over the last six years and 2% increase over 2021.

Figure - 24: Monthly Electricity Bulk Supply Quantities - MIS



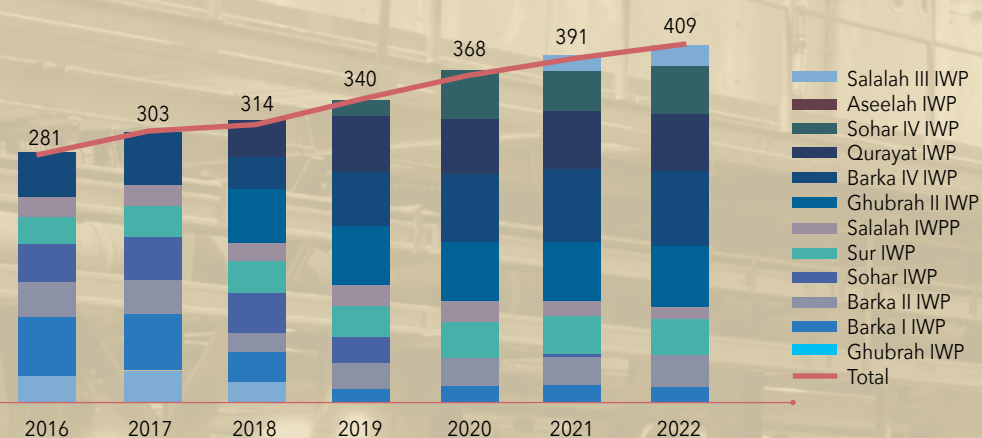
The chart reflects monthly demand profile of the system with demand in winter significantly lower than summer.

Figure - 25: Monthly Electricity Bulk Supply Quantities - DPS



The chart reflects the monthly electricity demand profile of the DPS with demand in winter significantly lower than the demand in summer.

Figure - 26: Potable Water Purchased (2016-2022) - MIS & DPS



The water delivered to the OWWSC, and DISC has increased on an average annual growth rate of 6.4% during 2016 -2022 (with an increase of 4.5% in 2022 compared to 2021).



HUMAN RESOURCES

KEY HUMAN RESOURCES INITIATIVES IN 2022

In 2022 the HR & SS department reviewed the organizational structure and resources to ensure the company can build a sustainable talent workforce to support its business goals and mitigate challenges. The review of the organizational structure was supported by career progression planning, which forms part of the workforce plan for the next five years. These reviews complement the corporate strategic objectives, which help them to anticipate, plan and manage the workforce as per the corporate strategy and its dynamics.

This provides an overall framework for focused key performance indicators (KPIs) for the departments and individuals and ensured proper implementation of actions to effectively deliver HR mandate to OPWP in alignment to the corporate scorecards. Furthermore, OPWP along with other Nama group subsidiaries conducted an Employee Engagement and Satisfaction survey. The survey aims to assess different parameters of job satisfaction and engagement among OPWP's employees, which are relevant to our business and considered vital to creating a valuable and engaged workforce and ultimately the efficient organization.

The survey outcome will also establish a new baseline reference for OPWP's employees' satisfaction and engagement level.

OPWP realises the possible impact of COVID-19 in the workplace, which makes it especially important at the current stage to measure the engagement and satisfaction of the workforce. The survey's outcome has helped OPWP to identify key areas for the organisation to consider as they develop and enhance initiatives for organizational improvement.

OPWP is committed to growing and developing the staff in technical, behavioural and leadership competencies to deliver business objectives. The company invested RO 106,812.343 thousand in training and development and achieved 2796 training staff-hours.

The company provided internship opportunities to 11 students with intensive exposure and rotation across different departments. By the end of 2022, the total strength of OPWP reached 84 employees and attained Omanisation of 96.4 %.





HEALTH, SAFETY & ENVIRONMENT

HEALTH AND SAFETY

At OPWP, the health, safety, and environment are considered to be of the utmost significance. The Board places a high priority on maintaining a strong HSE culture and continuously strives for improvement through periodic evaluation of policies, procedures, and practices. OPWP is dedicated to continuously promoting a culture that prioritizes health, safety, and the environment in all aspects of its business, and encourages employees to align their behaviour with this commitment. The company is also constantly working to optimize and streamline its processes to ensure maximum HSE performance.

The Board is kept abreast of the HSE performance of OPWP, its employees, generators and desalinators through periodic HSE updates. These updates enable the Board to support management in its pursuit of a no harm culture; a goal which can be positively evidenced by the absence of LTIs in 2022.

The health, safety, and wellbeing of our staff, and all people affected by OPWP's operations, play an essential and ever-increasing role in OPWP's behaviour and practices. As highlighted above, the board promotes a company culture conducive to robust health, safety, and environmental practices, and it is embedded in the heart and mind of every OPWP employee.

To further enforce these measures and improve the HSE culture within OPWP and its stakeholders, OPWP has implemented a pass-fail mechanism for HSE performance during the procurement process, where the bidders (including the Engineering, Procurement, and Construction (EPC) are evaluated based on their past HSE culture and performance. OPWP worked closely with various stakeholders such as NG HSE improvement committee and their strategy team to develop HSE strategic initiatives. Furthermore, the OPWP team helped in the

identification of hazards. We also conducted inspections to identify potential hazards and implement relevant controls to create safer working environments.

OPWP remains committed to achieving our goal of zero harm to people and the environment. We will continue to refine planning and allocation of more attention to HSE at the initial stage of the procurement of projects.

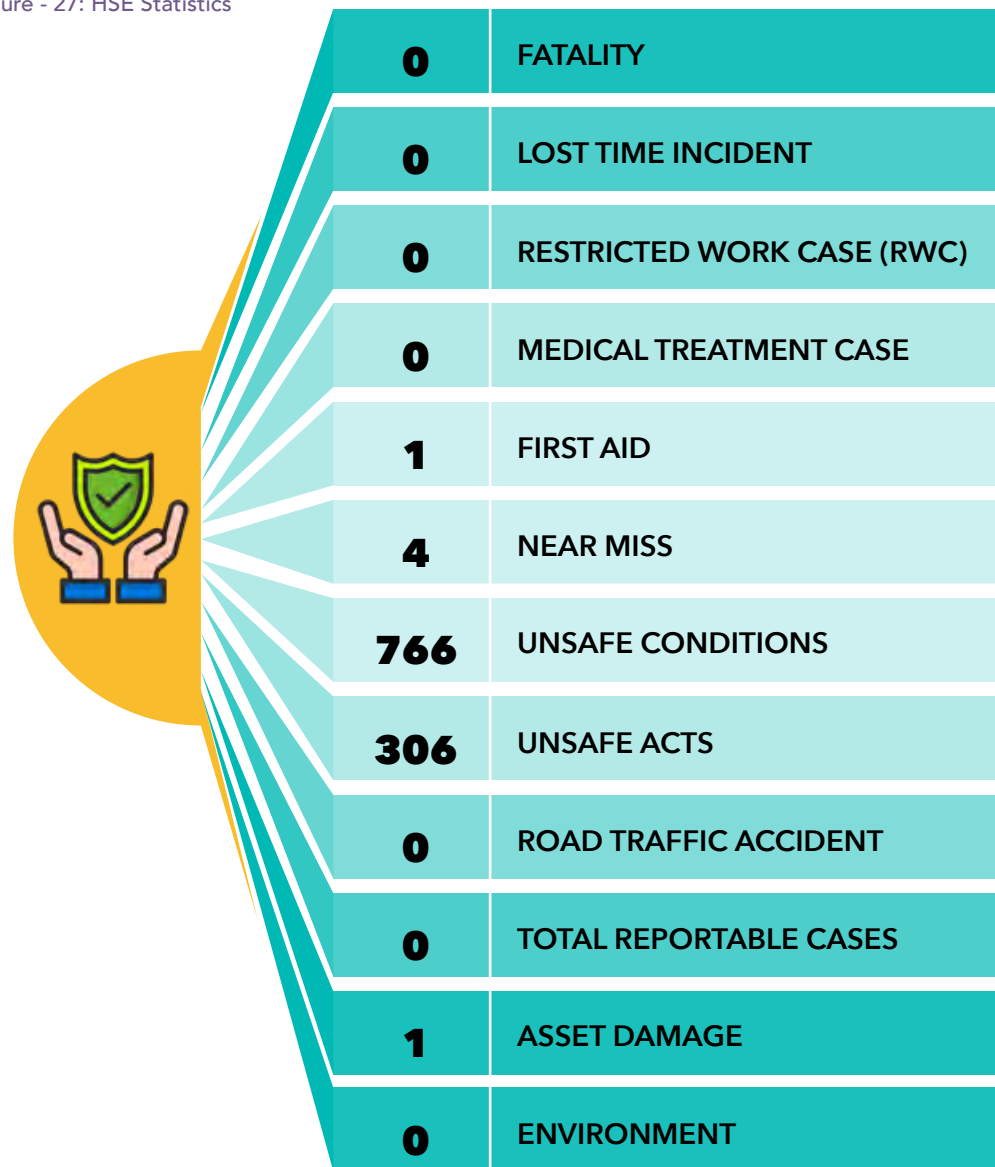
Looking forward, OPWP will capitalize on emerging technologies and concepts to improve HSE further. OPWP has shown resilience in managing emergencies and extending support to other stakeholders during adverse weather conditions contributing to building a shared understanding of the positive approach to health and safety.

OPWP believes in providing a safe and sustainable environment for everyone in the Sultanate of Oman. We emphasise environmental-related aspects during inspections to ensure compliance with the applicable standards and regulations. OPWP adopts a risk-based thinking approach cascading it to its supply chain to review HSE controls and challenging the status quo to reduce the likelihood and impact of possible unsafe acts or conditions. We investigate root causes to extract the best learning from a given situation.



The HSE performance for OPWP and projects under construction is illustrated in the statistics as below:

Figure - 27: HSE Statistics



OPWP is adopting a systematic approach to demonstrate its leadership commitment towards health and safety and embed a risk-based thinking approach in all its activities.

ENVIRONMENT

OPWP aims to mitigate any adverse impact on the environment and safeguard it through its stringent contractual terms; whereby all of its power and water projects - which are built, owned, and operated by international and local developers- are required to comply with national and international environmental and emissions standards.





CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

Good governance is fundamental to OPWP being able to deliver water and electricity for Oman that serves the short and long term interests of its shareholders, the nation, and the ultimate consumers. OPWP strives to incorporate good governance in its decision making and business practices. It means OPWP is structured to make timely, evidence-based,

independent decisions under the auspices of its regulatory framework. It also serves to ensure that OPWP can manage risks appropriately, act with transparency and integrity, and engage effectively with its stakeholders.

The role of the Board of OPWP is to approve the strategic direction of OPWP, to guide and monitor the management of OPWP and its businesses in achieving its strategic plans, and to oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders while taking into account the interests of other stakeholders, including employees, customers, counterparties, suppliers, its regulator, and the wider community. In performing its role, the Board is committed to a high standard of corporate governance practice and fostering a culture of compliance that values ethical behaviour, personal and organisational integrity, transparency, fairness, accountability and respect for others.

The Chief Executive Officer, the Chief Operating Officer and the remainder of the executive management are responsible for executing the strategic objectives put in place by the Board along the day-to-day management and operations of OPWP in line with the high level policies put in place by the Board. In acknowledgment of the importance of corporate governance the Board has adopted a number of manuals and policies, all of which have been approved by OIA and Nama Holding. During 2022, the Board has adopted OIA policies such as the Code of Corporate Governance, Information Security Policy, Legal Affairs Policy and the Procurement and Tendering Policy. Furthermore, the Board adopted Nama Holding policies such as the Board Manual, the updated Code of Ethics and Business Conduct and Cyber and Information Security Policy. As a result of adoption of the OIA Procurement & Tendering Policy by the Board, OPWP management undertook extensive review of its internal procurement processes and in turn the Board approved the updated procurement process maps which aim to comprehensively establish and govern, in conjunction with the applicable laws of Oman, the procurement process for the Company. The Nama Group manuals and policies

govern the relation between Nama Holding and the Subsidiaries, as well as setting forth the procedures of the Board clearly to avoid ambiguity in the governance of the Company.

The Code of Ethics and Business Conduct is a Nama Group initiative in the area of corporate governance which applies to all directors of NH and its Subsidiaries and which serves to emphasise the Company's commitment to ethics and compliance with the law, set forth standards of ethical and legal behaviour, provide reporting mechanisms for known or suspected ethical or legal violations, and help prevent and detect wrongdoing.

The Sector's Policy Statement on Conflict of Interest serves to establish clear guidelines on the identification and management of conflicts of interest. At Board level a "conflict of interest" occurs when the private interests of a member of the Board of Directors interfere in any way with the interests of NH or its Subsidiaries. In addition to avoiding conflicts of interest, member of the Board should also avoid the appearance of a conflict of interest. As such, OPWP has in place a share prohibition in which no member of the Board or any of the employees of OPWP are permitted to own shares in any of the project companies from whom OPWP purchases power and water. Furthermore, OPWP has established conflict of interest management procedure to ensure that any conflict of interest event is appropriately and sufficiently managed and addressed.

The Sector's Policy Statement on Fraud Deterrence introduced across the Nama Group serves as the final component of the corporate governance framework to safeguard the financial viability of the Group and transactions within the Group.

The Board and OPWP employees are required to sign an annual declaration in which they confirm adherence to the Code of Ethics and Business Conduct, Fraud Deterrence and confirmation that there is no actual or perceived direct or indirect conflict of interest.

Also, the Company periodically reports its compliance with all statutory obligations to the Board and to its primary shareholder, Nama Holding

INTERNAL AUDIT

The Internal Audit function provides an independent and objective assessment of the adequacy and effectiveness of the Company's risk management, internal control, and governance, along with recommendations to improve those systems. The function operates independently of management, under a mandate approved by and kept under review by the Board Audit Committee (BAC). A risk based approach is used to identify, prioritise and focus on internal audit activities. The annual audit plan is presented to the BAC for approval. The BAC meets the internal auditors to discuss the results of the quarterly internal audit.

Table 9 : Board and Board Committees

	Members - 2022	Number of Meetings in 2022
Board of Directors	Ahmed Tufail Al Rahman (Chairman)	5 Meetings
	Fatma Al Rashdi	
	Ibrahim Al Khanjari	
Board Audit Committee	Ahmed Tufail Al Rahman (Chairman)	4 Meetings
	Ibrahim Al Khanjari	
Internal Tender Committee	Ahmed Tufail Al Rahman (Chairman)	1 Meetings
	Fatma Al Rashdi	
	Ibrahim Al Khanjari	

RISK MANAGEMENT

To secure the Company's operations and achieve key objectives, OPWP has developed an enterprise risk management framework to identify and manage the risks effectively. OPWP manages the risks associated with its operations by identifying, measuring, and preventing key uncertainties. Risks are assessed in terms of likelihood as well as business and financial impact.

BOARD MEETINGS AND SITTING FEES

The Board and its committees are responsible for establishing the general policies of the Company, supervising the execution of its activities, approving its budget and the appointment of the top management positions. The following table shows the number of meetings held by the Board and its committees and attendance of members:

Table - 10: Board Meeting & Sitting Fees

Board Members		Board Meeting	Internal Tender Committee	HR Committee	Audit Committee	Board Sitting Fees	Committee Meeting Fees
Ahmed Tufail Al Rahman	Chairman	5	1	-	4	3,500	1,500
Fatma Al Rashdi	Member	5	1	-	-	3,000	300
Ibrahim Al Khanjari	Member	5	1	-	4	3,000	1,500
Total						9,500	3,300
Total Sitting Fees - RO 12,800							





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OMAN POWER AND WATER PROCUREMENT COMPANY SAOC

Registered Address

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Ruwi, Sultanate of Oman.

Principal place of Business

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