

## **Royal Decree No. 58/2009**

Promulgating the Regulation of Public Authority for Electricity and Water

We, Qaboos bin Said, Sultan of Oman

On perusing the basic law of the State issued by Royal Decree No. 101/1996, and

The commercial companies' law No. 4/2007, and

The law of pensions and end of service benefits of the Omani employees of the government issued by Royal Decree No. 26/1986, and

The law of public authorities and institutions issued by Royal Decree No. 116/1991, and

Royal Decree No. 39/1996 determining the powers of Ministry of Finance and approving its organization structure, and

The Finance Law issued by Royal Decree No. 47/1998, and

Royal Decree No. 4/1999 determining the powers of Ministry of National Economy and approving its organization structure, and

The Law of Financial Audit of the State issued by Royal Decree No. 55/2000, and

The law granting concession to Salalah Electricity Utility issued by Royal Decree No. 20/2001, and

The law of privatization issued by Royal Decree No. 77/2004, and

The law organizing and privatizing the electricity and relevant water sector issued by Royal Decree No. 78/2004, and

The Civil Service Law issued by Royal Decree No. 120/2004, and

Royal Decree No. 92/2007 incorporating a Public Authority for Electricity and Water and appointing president to it, and

The tender law issued by Royal Decree No. 36/2008, and

According to the exigencies of public interest,

Decree the following:

First Article : The enclosed law shall apply to the Public Authority for Electricity and Water.

Second Article : Chairman of Public Authority for Electricity and Water shall issue the decisions and regulations required to enforce the rules of the enclosed law. Till the issuance of such decisions and regulations, the laws and regulations applicable to the units of the Administrative Apparatus of the State shall apply to matter that is not provided for in this law in a manner that does not contradict its rules.

Third Article : All things that contradict the enclosed law or its rules shall be repealed.

Forth Article : This decree shall be published in the official gazette and applied from the day that follows its publication.

Issued on 21 Shawal 1430 Hijri

Corresponding to 11 October 2009

Qaboos bin Said  
Sultan of Oman

# Law of Public Authority for Electricity and Water

## First Chapter

### Definitions and General Rules

**Article (1) :** In applying the rules of this law the following words and expressions shall have the meanings set beside each of them unless the context necessitates other meaning:

**Authority:** Public Authority for Electricity and Water

**Minister:** Minister responsible for Financial Affairs<sup>1</sup>

**Board:** Board of Directors of the Authority

**Chairman:** Chairman of the Board of Directors of the Authority

**Deputy Chairman:** Deputy Chairman of the Board of Directors of the Authority

**President:** President of the Authority whose appointment and determination of his entitlement would be issued vide a Royal Decree.

**Regulatory Authority:** The Regulatory Authority of Electricity and Related Water Sector.

**Law:** The Law organizing and privatizing the electricity and related water sector.

**Electricity and Related Water Sector:** The activities of generation, transfer, distribution and import of electricity and related or coexisting desalination water as well as other activities subject to the rules of the law.

**Unrelated Water Sector:** The activities of generation, transfer, distribution, connection and supply of drinking water and other activities that do not depend in its existence, management or maintenance on the electricity and related water sector.

**Article (2) :** The Authority shall have its body corporate and financial and administrative dependence and is subject to the supervision of the Minister. Its head office shall be located

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<sup>1</sup> Amended by RD 18/2013.

in Muscat Governorate. However, branches may be established in the governorates and regions by virtue of a decision from the Chairman of the Board.

## **Second Chapter**

### **Objectives of the Authority**

**Article (3) :** The Authority aims to achieve the following objectives:

- (1) Provide the drinking water through the unrelated water sector in accordance with the Omani Standard Specifications and appropriately with the buildings expansion and population growth.
- (2) Activate the policy of the government in respect with securing the electricity supply to all the citizens in all the areas of the Sultanate within the available financial resources.
- (3) Activate and enhance the government's policy in respect with the development of the unrelated water sector and electricity and related water sector and develop them and availing of the new techniques in these two fields.
- (4) Encourage the private sector to invest in the unrelated water sector and electricity and related water sector.
- (5) Develop the human resources of the Authority.

## **Third Chapter**

### **Powers of the Authority**

**Article (4) :** In order to achieve its objectives, the Authority exercises all the powers and the following in particular:

- (1) Establish, operate and maintain the drinking water plants and networks in the unrelated water sector in all the regions of the Sultanate and endeavour to enhance their efficiency, without prejudice to the environmental regulations, requirements and standards applicable in the Sultanate.
- (2) Issue regulations that organize the unrelated water sector.

- (3) Set up regulations, requirements and standards to carry out the different activities in the unrelated water sector and issue the licences required for this purpose without prejudice to the environmental regulations, requirements and standards applicable in the Sultanate.
- (4) Approve and supervise the technical specifications of the materials and equipment used in the unrelated water sector.
- (5) Approve the standard specifications of drinking water produced by the unrelated water sector and supervise its validity.
- (6) Conclude the contracts required to purchase drinking water and managing the unrelated water sector.
- (7) Purchase desalinated water from Regions Electricity Company and Omani Power and Water Purchase Company against wholesale supply tariff according to the provisions of the law.
- (8) Estimate the extent of the need to new production capacity of desalinated water and raise the matter to Ministry of National Economy for approval.
- (9) Identify the best methods for obtaining the new production capacity of desalinated water that has been approved by Ministry of National Economy and could not be arranged from Regions Electricity Company after coordination with that company.
- (10) Receive notices from the parties licensed by the rules of the law in respect with the disruptions of the desalinated water from facilities connected to their networks.
- (11) Prepare reports and statistics relevant to the unrelated water sector and conduct statistics related to the electricity and related water sector after coordination with the Regulatory Authority.
- (12) Estimate the prospective forecasts in regard with the demand to the desalinated water for the short,

medium and long terms after coordination with Ministry of National Economy.

- (13) Implement the government's policy approved by Ministers' Council in respect with the privatization of the electricity and related water sector after coordination with Ministry of National Economy.
- (14) Propose the policy to privatize the unrelated water sector after coordination with Ministry of National Economy and Ministry of Finance and prepare programmes to restructure it and raise them to Ministers' Council.
- (15) Undertake the powers of the Technical Secretariat of the Ministerial Committee for Privatization stipulated in clauses (A, D, E, F, H, I and J) of Article (8) of the privatization law in respect with the privatization of the unrelated water sector.
- (16) Endeavour to rationalize the consumption of electricity power through setting up regulations and standards organizing that after coordination with Regulatory Authority and relevant government entities.
- (17) Endeavour to review the electricity market to identify the extent of its readiness for more liberalization in coordination with the Regulator Authority and in accordance with the procedures stipulated in the law.
- (18) Propose the maximum limit of the shareholding of the founders in the capital of the companies licensed to operate in the electricity and related water sector and raise it to the Ministers' Council.
- (19) Raise sufficient number of copies of the future work plan of the Regulatory Authority and its enclosures to the Minister in order to present them to the Ministers' Council as stipulated in article (34) of the law.
- (20) Make nominations of the members of the Regulatory Authority in coordination with Ministry of National Economy and raise them to Ministers' Council.

- (21) Amend the legal status of any of the companies provided for in article (66) of the law after the approval of Ministry of Finance.
- (22) Privatizing the new companies that would be established according to article (81) of the law after coordination with Ministry of National Economy and Ministry of Finance.
- (23) Approve the budget for expansions in Regions Electricity Company after coordination with Ministry of National Economy in accordance with the procedures stipulated in article (87) of the law.
- (24) Evaluate the advantages and disadvantages to the public interest due to the transfer of any part of the assets or works of distribution or supply belonging to Regions Electricity Company through the Regulatory Authority and shall provide the Authority with the evaluation criteria.
- (25) Supervise the competition among those who are licensed by law for distribution and supply in the event that the Regulatory Authority decides to carry out connection or transfer through competition in accordance with the rules and procedures stipulated in article (88) of the law.
- (26) Raise recommendations to Ministers' Council about the conditions that the Authority believes in including them in the licence for import or export of electricity or those that it believes in including them in the licence for developing the international link or operating it after consultation with the Regulatory Authority and Electricity Holding Company.
- (27) Joining the rules of the main network and remaining as party in it as explained by law.
- (28) Provide the party licensed to operate a transfer network according to the rules of the law with the sufficient information to enable it operate its network and meet its duties stipulated in article (82) of the law in addition to sufficient information about the need of the Authority for desalinated water produced by

facilities connected to its network and shall be subject to a contract concluded with the Omani Power and Water Purchase Company.

- (29) Issue strategic investment decisions in implementation to the general policy of the State as shown in the law, without prejudice to the environmental regulations, requirements and standards applicable in the Sultanate.
- (30) Identify the method of disposal of the State's shares in Electricity Holding Company and its subsidiary entities and the companies operating in the unrelated water sector after the approval of Ministry of Finance.
- (31) Conduct the researches and development in the unrelated water sector and electricity and related water sector.
- (32) Approve and publish standards according to which an investment project in the electricity and related water sector is classified as a research and development project.
- (33) Establish or direct Electricity Holding Company to establish new companies for the purpose of restructuring the unrelated water sector and privatizing it and prepare a methodology for transfer required for this purpose within the scope of the policy approved by the Ministers' Council.
- (34) Propose the draft laws and decrees related to organization and privatization of the unrelated water sector.
- (35) Express opinion in all the issues relevant to the unrelated water sector and electricity and related water sector before deciding on them, without prejudice to the powers of Regulatory Authority.
- (36) Implement and activate the government's policy in respect with the diversification of electricity power resources.
- (37) Propose the policy of the future of Salalah Electricity Facility and raise it to the Minister to present it to the



Ministers' Council for approval and undertake implementing it after approval.

- (38) Obtain the loans and credit facilities from national and foreign resources according to the rules and regulations applicable in the Sultanate.
- (39) Prepare and implement the training, qualification and rehabilitation programmes for the employees of the Authority.
- (40) Seek the assistance from the consultants, technical experts and specialists in the field of its work.
- (41) Represent the Sultanate in all the regional and international conferences and meeting relevant to the authorities of the Authority.
- (42) Issue decisive administrative decision in the complaints of the beneficiaries of the unrelated water sector services.
- (43) All the powers assigned to the Authority by virtue of other laws and decrees.

## **Forth Chapter**

### **Management of the Authority**

**First:** The Board of Directors

**Article (5) :** The Authority shall be managed and its affairs shall be organized and run by a board of directors that has all the powers and issue the decisions and take the procedures required so that the Authority could exercise its powers and achieve its objectives stipulated in this law and the following in particular:

- (1) Draw the policy on which the Authority depends in exercising its powers,
- (2) Approve the organization structure of the Authority and its administrative units and determine their powers,
- (3) Approve the financial and administrative regulations and personnel regulation of the Authority without being restricted by the government laws and rules.

- (4) Fix the fees and amounts collected by the Authority against the services that it provides to others after the approval of Ministry of Finance.
- (5) Borrowing and determining its volume and conditions after the approval of Ministry of Finance.
- (6) Approve the draft annual budget of the Authority before the beginning of the financial year and raise it to Ministry of Finance accompanied by the budgets of Electricity Holding Company and its subsidiary entities and companies operating in the unrelated water sector whose share capital is entirely owned by government.
- (7) Appoint an auditor who is licensed to carry out accounting and auditing profession and determine his fees against auditing the accounts of the Authority.
- (8) Approve the audited final account of the Authority after the end of the financial year and raise it to Ministry of Finance.
- (9) Issue regulations of the approved tariff (tariff for subscription to be supplied with electricity or connect to a distribution or transfer network according to the rules of the law).
- (10) Approve regulations for tariff of supply with water produced from the related and unrelated water sectors and raise them to the Minister to present them to Ministers' Council for approval.
- (11) Propose draft regulations and laws required to implement the rules of the law for granting the concession of Salalah Electricity Facility after coordination with the relevant Ministry and raising it to Ministry of National Economy.
- (12) Follow up the implementation of the Authority's policy and decisions issued by the Board.
- (13) All the other powers entrusted to the Authority by virtue of other laws and decrees.

The board may delegate the President to exercise some of its executive authorities stipulated in this article.

**Article (6) :** The board shall be constituted by a decision of the Council of Ministers.<sup>2</sup>

**Article (7) :** The board meets four times at least per annum, on invitation by its chairman and the meeting shall be notified by a written invitation accompanied with the agenda two weeks at least before the time of the meeting.

The chairman of the board may call the board for a meeting at any time at the request of three of its directors at least. Further, he may invite for an emergency meeting of the board and it suffices that the meeting may be called for by phone in this case.

**Article (8) :** The meeting will not be correct if it is not attended by three directors at least including the chairman or deputy chairman. The discussions of the board shall be confidential and its decisions shall be by the absolute majority of the attending votes. When votes equal, the side in which the chairman votes would have the overweighing vote. The board may make its decisions by passing whenever warranted. The business of the board shall be in minutes written by a secretary who is appointed by the president.

**Article (9) :** The deputy chairman would be acting on behalf of the chairman in all his powers when he is travelling abroad or if there is a reason that prevents him from exercising his powers or some of them.

## **Second: The President**

**Article (10):** The president represents the Authority before the courts and in its relations with others.

**Article (11):** The president shall have all the powers required to implement the policy of the Authority and the decisions of the board and particularly the following:

- (1) Managing the authority and supervising its employees,

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<sup>2</sup> Amended by RD 18/2013.

- (2) Preparing the plans and work programs of the Authority and presenting them to the board for approval.
- (3) Powers of the head of the unit stipulated in the laws and regulations and applicable to the units of the administrative apparatus of the State.
- (4) Signing on behalf of the Authority to run its financial and administrative affairs.
- (5) He shall be authorized to make reimbursements in accordance with the financial system applicable in the Authority.
- (6) Prepare draft laws and all the regulations stipulated in this system and other regulations related to the powers of the Authority and present them to the board to take the appropriate decision on them.
- (7) Conclude all the contracts required to run the affairs of the Authority and discharge its matters.

**Article (12):** the president shall be accountable to the board for running the work of the Authority and for implementing the approved policy and relevant decisions of the board.

The president shall prepare periodical reports about the activities of the Authority and its business and present them to the board and prepare annual report in this regard that is raised to the Minister in order to present it to the Ministers' Council and provide the<sup>3</sup> different authorities of the States with data and reports required about the activities of the Authority according to the applicable laws.

## **Fifth Chapter**

### **Finance of the Authority**

**Article (13):** The Authority shall have independent budget that it shall raise to Ministry of Finance accompanied with the budgets

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<sup>3</sup> Amended by RD 18/2013.

of Electricity Holding Company and its subsidiary entities and companies working in the field of unrelated water sector whose share capital is entirely owned by the State or in which it holds shares. The financial year of the Authority starts on the first day of January and ends on the thirty first December each year provided that the first financial year shall start from the ninth of September 2007 and end on thirty first December 2008.

The Authority shall have one or more bank account in any of the banks operating in the Sultanate opened by virtue of a decision issued by the president and the financial regulation of the Authority shall determine the rules of deposit and reimbursement from these accounts.

**Article (14):** The sources of the Authority consist of:

- (1) Revenues of unrelated water sector,
- (2) Consideration of the services provided by the Authority to others,
- (3) Loans obtained by the Authority after approval of Ministry of Finance,
- (4) Returns on the funds of the Authority,
- (5) Financial subsidy provided by the State to cover the deficit in the annual budget of the Authority,
- (6) Any other revenues approved by Ministry of Finance.

**Article (15):** The funds of the Authority shall be considered as public funds and enjoy the privileges and rights of the public treasury and its preferences over the funds of debtors and the Authority shall protect these funds and collect them by the methods and according to the procedures by which the funds of the State are collected.

**Article (16):** The Authority is exempt from all the taxes and charges.