



BULK SUPPLY TARIFF

FOR BULK SUPPLY OF DESALINATED WATER FROM SOHAR POWER AND DESALINATION PLANT

APPLICABLE 1 JANUARY 2009 TO 31 DECEMBER 2009

1. Introduction

Pursuant to Article 74 of the Sector Law and Condition 21 of the Power and Water Procurement License 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 a Bulk Supply Agreement with the Public Authority for Electricity and Water (PAEW), formerly the Ministry of Housing, Electricity and Water, covering *inter alia* the Bulk Supply of Potable Water from the **Sohar Power and Desalination Plant** (the Plant). OPWP has also entered into a Bulk Supply Agreement with Majis Industrial Services SAOC (MISC), the designated Water Department in the Sohar Industrial Port Area, covering the Bulk Supply of Distillate Water from the Plant.

This document sets out the Bulk Supply Tariff, as determined by OPWP and approved by AER, in respect of Potable Water delivered from the Plant to PAEW, and Distillate Water delivered from the Plant to MISC, for the period from 1 January 2009 to 31 December 2009.

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

Capitalized terms used in this document shall have the following meanings:

- “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.
- “Desalinated Water”** means Potable Water and Distillate Water.



“Desalinated Water Delivered”	means Potable Water Delivered and Distillate Water Delivered.
“Distillate Water”	means 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 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) the connection point between the Plant and MISC’s facilities where Distillate Water is delivered and (ii) the tanker point within the Plant where Distillate Water is delivered to tankers.
“Distillate Water Metering System”	means the metering system utilised by MISC and the Plant owner to measure the quantities of Distillate Water Delivered.
“Plant”	means Sohar Power and Desalination Plant.
“Potable Water”	means water produced by the Plant (and delivered at the Potable Water Delivery Point) which complies with Oman Standard Number 8/98 for drinking water. In addition, such water shall have a minimum total hardness level of 50mg/l as CaCo ₃ and an alkalinity level consistent with a positive Langelier Saturation Index (LSI) in the treated water at the design temperature. Further, such water shall have a minimum fluorine content of 0.4 ppm and a maximum fluorine content of 0.7 ppm.
“Potable Water Delivered”	means Potable Water delivered from the Plant at the Potable Water Delivery Point in accordance with PAEW’s nominated requirement, as measured by the Potable Water Metering System.
“Potable Water Delivery Points”	means the connection point at the boundary fence between the Plant and PAEW’s facilities where 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 Royal Decree No. 78/2004 promulgating the law for the regulation and privatization of the electricity and related water sector.
- “Water Department” has the meaning given to it in the Sector Law.
- “Water Desalination Capacity” means the nominal capacity of the Plant to deliver Desalinated Water, being **150,000 m³/day**.

2. Charges for Bulk Supply

Potable Water

The charges for Bulk Supply of Potable Water 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 quantities of Potable Water Delivered during the month; and (iii) a fixed charge payable (based on the Water Desalination Capacity) for the procurement and management service provided by OPWP. The charges are set out in Table 1 below.

Table 1 – Schedule of Charges for Potable Water

Charge	Rate
Fixed charge for Water Desalination Capacity	RO 0.340 per day per m ³ /day
Variable charges for Potable Water Delivered	
- in respect of first 75,000 m ³ in a day	RO 0.020 per m ³
- in respect of next 37,500 m ³ (between 75,000 m ³ and 112,500 m ³)	RO 0.045 per m ³
- in respect of further quantities (above 112,500 m ³)	RO 0.080 per m ³
Fixed charge for OPWP service (based on Water Desalination Capacity)	RO 0.005 per day per m ³ /day

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



Table 2 – Minimum Availability of Water Desalination Capacity

Period	Minimum Availability	
	(%)	(m ³)
January – March	85%	11,475,000
April – September	98%	26,901,000
October – December	85%	11,730,000

In the event that the availability of the Water Desalination Capacity falls short of the levels specified in Table 2, PAEW shall be entitled to a rebate on the fixed charges for Water Desalination Capacity. Any such rebate shall be calculated by OPWP at the end of the calendar year in accordance with a methodology approved by AER.

Distillate Water

The charges for Bulk Supply of Distillate Water shall be payable on a monthly basis and shall comprise an all-inclusive variable charge payable in relation to the quantities of Distillate Water Delivered. This charge is set out in Table 3 below.

Table 3 – Schedule of Charges for Distillate Water

Charge	Rate
Variable charge for Distillate Water Delivered	RO 1.200 per m ³

3. Invoicing and Payment

OPWP shall issue invoices for Bulk Supplies to PAEW and MISC on a monthly basis.

The variable charge rates specified in Tables 1 and 3 above shall be applied to the quantities of Desalinated Water Delivered each month, as certified by PAEW/MISC (as applicable) and the 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 quantities 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, including any rebate calculated in accordance with section 2 above, 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 within thirty (30) days of receipt. Where a credit is issued to PAEW or 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 or MISC (as 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 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 License and with the approval of AER. OPWP shall provide PAEW and MISC with details (including the date of application) of any amendment on a timely basis.

H.E.Saud Bin Nasser Al Shukaili
Chairman