



BULK SUPPLY TARIFF

FOR BULK SUPPLY OF DESALINATED WATER FROM BARKA POWER AND DESALINATION PLANTS (PHASE I) AND (PHASE II)

APPLICABLE 1 JANUARY 2010 TO 31 DECEMBER 2010

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 Desalinated Water from the **Barka Power and Desalination Plants (Phase I) and (Phase II)**.

This document sets out the Bulk Supply Tariff, as determined by OPWP and approved by AER, in respect of Desalinated Water delivered to PAEW from the Barka Power and Desalination Plants (Phase I) and (Phase II) for the period from 1 January 2010 to 31 December 2010.

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

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

“Desalinated Water”

means (i) in respect of the Phase I Plant, water produced by the Phase I Plant (and delivered at the relevant Water Delivery Point) which complies with Oman Standard Number 8/98 for drinking water. As to quality, such water shall comply with the “Highest Desirable Values” stated in Oman Standard 8/98. In addition, such water shall have a minimum total hardness level of 50mg/l as CaCo₃ 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; and (ii) in respect of the



Phase II Plant, water produced by the Phase II Plant (and delivered at the relevant Water Delivery Point) which complies with the Omani Standard Number 8/98 (save in respect of boron, for which the “Maximum Level” shall be deemed to be up to zero decimal five (0.5) mg/litre). In addition, such water shall have a total hardness level of not less than sixty (60) mg/litre and not more than one hundred (100) mg/litre as CaCO₃ and a total alkalinity level of not less than sixty (60) mg/litre and not more than eighty (80) mg/litre as CaCO₃ consistent with a positive Langelier Saturation Index (LSI) in the treated water at the design temperature. Further, such water shall have a minimum fluoride content of zero decimal five (0.5) mg/litre and a maximum fluoride content of one (1.0) mg/litre and a chlorine dose between zero decimal four (0.4) to zero decimal six (0.6) ppm.

- “Desalinated Water Delivered”** means the Desalinated Water delivered at the Water Delivery Points in accordance with PAEW’s nominated requirement (as notified in accordance with the Grid Code), as measured by the Water Metering Systems.
- “Phase I Plant”** means the Barka Power and Desalination Plant (Phase I).
- “Phase II Plant”** means the Barka Power and Desalination Plant (Phase II).
- “Plants”** means the Phase I Plant and the Phase II Plant.
- “Water Delivery Point”** means (i) in respect of the Phase I Plant, the point which is immediately upstream of the relevant Water Metering System but after the tapping points for feedwater utilised at the Phase I Plant; and (ii) in respect of Phase II Plant, the flanged connection of the Phase II Plant to PAEW’s potable water storage facility at the boundary fence of the compound in which the potable water storage facility is located.
- “Water Desalination Capacity”** means, in respect of each plant, the nominal capacity of the Plant to deliver Desalinated Water, being **91,200 m³/day in respect of the Phase I Plant and 120,000 m³/day in respect of the Phase II Plant.**
- “Water Metering System”** means, in respect of each of the Plants, the metering system utilised by PAEW and the relevant Plant owner to measure the quantities of Desalinated Water Delivered.



2. Charges for Bulk Supply

The charges for Bulk Supply shall be payable on a monthly basis and shall comprise (i) a fixed charge, payable for the provision of the Water Desalination Capacity; (ii) a variable charge, payable in relation to the quantity of Desalinated Water Delivered 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

Charge	Rate (Phase I Plant)	Rate (Phase II Plant)
Fixed charge for Water Desalination Capacity	RO 0.416 per day per m ³ /day	RO 0.294 per day per m ³ /day
Variable charge for Desalinated Water Delivered	RO 0.050 per m ³	RO 0.050 per m ³
Fixed charge for OPWP service (based on Water Desalination Capacity)	RO 0.005 per day per m ³ /day	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 each 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 (Phase I Plant)		Minimum Availability (Phase II Plant)	
	(%)	(m ³)	(%)	(m ³)
January – April	85	9,302,400	N/A	N/A
May – September	92.5	12,907,080	N/A	N/A
October – December	85	7,131,840	N/A	N/A
Jan-December	N/A	N/A	92.5	40,515,000



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.

3. Invoicing and Payment

OPWP shall issue invoices for Bulk Supplies to PAEW on a monthly basis. The variable charge rate specified in Table 1 above shall be applied to the quantity of Desalinated Water Delivered each month, as certified by PAEW and the relevant Plant owner and notified to OPWP. In the event that such certified data is not available within a reasonable time following the end of the month, OPWP shall estimate the quantity of Desalinated Water Delivered using such reasonable method as it sees fit and issue a provisional invoice. OPWP shall then issue a revised or supplemental invoice (or credit) as and when the certified data becomes available.

OPWP shall issue a full-year consolidated statement, 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 within thirty (30) days of receipt. Where a credit is issued to PAEW as described above, the amount shall be settled by way of deduction from subsequent payment(s) of Bulk Supply charges to OPWP unless PAEW 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 with details (including the date of application) of any amendment on a timely basis.

Saud Bin Nasser Al Shukaily
Chairman