



Outline Format - Request for Proposals for the development of an Independent Power Project

Oman Power and Water Procurement Company SAOC

Main Body

Notice

This request for proposals and its supporting documentation has been prepared by the Oman Power and Water Procurement Company SAOC for the purpose of inviting Bids to undertake the Project in accordance with the terms of this RFP. The information contained in this RFP is confidential and Interested Parties are required to treat its contents as such and to maintain such confidentiality. This RFP is made available to the Interested Party:

- on the condition that such Interested Party uses it, and the information it contains, for the purpose of preparing a Bid and for all purposes necessarily associated therewith and for no other purpose whatsoever; and
- on the understanding that neither the RFP nor any of the information which it contains will be disclosed by such Interested Party to any other person unless OPWP's prior written approval to such disclosure has been obtained, save that, subject to compliance with the confidentiality requirement referred to below, an Interested Party shall be entitled to disclose the contents of this RFP, or any part thereof: (i) to a person who is acting or will act as a professional adviser, or as a potential project lender and any professional advisers to such lenders, to such Interested Party in relation to the Bid Process and/or the preparation of a Bid; or (ii) to the extent that such disclosure is required by applicable law or is compelled by a court, other government authority or the requirements of any regulatory body or recognised stock exchange.

Where an Interested Party discloses this RFP, or any part of its contents, to a person who is

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All information contained in this RFP, including financial, geographic, commercial, legal and technical information has been included in this RFP for illustrative and information purposes only. Each Bidder shall be solely and fully responsible for satisfying itself as to the information required to submit a Bid and to undertake the Project in accordance with the terms of its Bid. This RFP supersedes all previous information issued by OPWP in respect of the Project.

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CONTENTS

<u>1</u>	<u>Definitions and Interpretations</u>	1
1.1	<u>Introduction</u>	1
1.2	<u>Units and measures</u>	7
1.3	<u>Interpretation</u>	8
1.4	<u>Organisation of this RFP</u>	9
<u>2</u>	<u>Introduction</u>	10
2.1	<u>Background</u>	10
2.2	<u>Summary of the Project</u>	10
2.3	<u>Contact</u>	11
<u>3</u>	<u>Bid Process Timetable</u>	12
3.1	<u>Timetable</u>	12

<u>4</u>	<u>Project Details</u>	13	
	<u>4.1 Introduction</u>	13	
	<u>4.2 Site and Site visits</u>	13	
	<u>4.3 Interconnections</u>	13	
	<u>4.4 Role and dispatch of the Plant</u>	15	
	<u>4.5 Permits, procedures and requirements</u>	15	
	<u>4.6 Project Timetable</u>	16	
<u>5</u>	<u>Project Structure and Contractual Framework</u>	17	
	<u>5.1 Introduction</u>	17	
	<u>5.2 Project Structure</u>	17	
	<u>5.3 Key Risk Allocation Principles</u>	17	
	<u>5.4 Project Financing Aspects</u>	19	
	<u>5.5 Power Purchase Agreement</u>	19	
	<u>5.6 Natural Gas Sales Agreement</u>	23	
	<u>5.7 Usufruct Agreements</u>	24	
	<u>5.8 Electrical Connection Agreement</u>	25	
	<u>5.9 Project Founders' Agreement</u>	25	
	<u>5.10 IPP contractual matrix diagram</u>	26	
<u>6</u>	<u>Bid Evaluation Process</u>	27	
	<u>6.1 Bidding Entities</u>	27	
	<u>6.2 Evaluation of Bid Submissions</u>	28	
	<u>6.3 Evaluation of Statements of Qualifications</u>	28	
	<u>6.4 Evaluation of Technical Qualification</u>	29	
	<u>6.5 Evaluation of Final Bid Submission</u>	32	
	<u>6.6 Taxes and customs duties</u>	34	
<u>7</u>	<u>Instructions to Bidders</u>	35	
	<u>7.1 Introduction</u>	35	
	<u>7.2 Language and measurement</u>	35	
	<u>7.3 Contents of RFP and related issues</u>	35	
	<u>7.4 Change of Law</u>	35	
	<u>7.5 Legal Form of Bidders</u>	35	
	<u>7.6 Queries and Responses</u>	36	
	<u>7.7 Preparation of Bids</u>	36	
	<u>7.8 Bid Submission</u>	37	
	<u>7.9 Supply of further information</u>	39	
	<u>7.10 Ownership of Bids</u>	39	

7.11	Currency of Bids	39	
7.12	Validity Period	39	
7.13	Information Requirement in Bids	40	
7.14	Bid Bond	46	
7.15	Withdrawal of Bid	47	
7.16	Annulment of Bid Process	47	
7.17	Disputes	47	
7.18	Bid opening	47	
7.19	Bid rejection	47	
7.20	Anti-corruption	48	
7.21	Bid clarification	48	
7.22	Qualifying and Shortlisting Bidders	48	
7.23	Bidders' commitment	48	
7.24	Bidding costs	48	
7.25	Organisation of Bid Process	48	
7.26	Execution of Project Documents	48	
7.27	Confidentiality	49	
7.28	Tariff adjustments for interest rate changes	49	
8	Electricity and related water sector in Oman	51	
8.1	Introduction	51	
8.2	Current system structure	51	
8.3	Structure of the electricity and related water sector	51	
8.4	The regulatory framework	52	
8.5	Regulatory requirements impacting on the Project.	52	
8.6	Regulatory documentation	54	
8.7	Functions, powers and duties of the Authority	54	
8.8	Regulated activities	55	
8.9	OPWP	57	

Appendices

- Appendix A - Form of Request for Clarification
- Appendix B - Form of Bid Bond
- Appendix C - Draft Power Purchase Agreement
- Appendix D - Draft Natural Gas Sales Agreement
- Appendix E - Draft Project Founders' Agreement
- Appendix F - Draft Usufruct Agreement for Site

- Appendix G - Draft Usufruct Agreement for Temporary Areas
- Appendix H - Draft Electrical Connection Agreement
- Appendix I - Minimum Functional Specification
- Appendix J - Indicative list of permits
- Appendix K - Bid Forms:
 - Form 1 - Letter of Commitment
 - Form 2 - Legal form and organisation of Bidder/Bidding Group
 - Form 3 - Bidders/Bidding Group's qualification
 - Form 4 - Financial standing of Bidder/Bidding Group
 - Form 5 - Financial Plan & Bank Commitment Letter
 - Form 6 - Performance guarantee data and technical data schedules
 - Form 7 - Tariff proposals
 - Form 8 - Omani Content
 - Form 9 - Additional documents received by Bidders
 - Form 10 - Procurement of long lead items
 - Form 11 - Cover Letter for Technical Qualification
 - Form 12 - Cover Letter for Statement of Qualifications
 - Form 13 - Form of Shareholder Guarantee
 - Form 14 - Major Proposed Subcontractors
- Appendix L - Tariff evaluation methodology
- Appendix M - No objection letter from MECA
- Appendix N - Tariff evaluation model

- **Definitions and Interpretations**
- **Introduction**
- This Section contains a list of defined terms used in this RFP and their interpretation.
- Capitalised terms used in this RFP but not specifically defined herein have the meanings given to such terms in the draft Power Purchase Agreement or other relevant draft agreements attached as Appendices C to H.
- Unless the context requires otherwise, capitalised terms and expressions used in this RFP shall have the following meanings:

DEFINED TERM	MEANING
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Advisers	Ernst & Young, DLA Piper, Glen House Capital Strategies and British Power International.
Appropriate Person	A person who has the technical and financial abilities and is otherwise qualified to obtain a licence or exemption pursuant to the Sector Law and by reference to the "Appropriate Person" criteria published by the Authority (as referenced in Section 8.5.1).
Authorised Representative	The representative appointed by a Bidder in accordance with Section 7.2.2(b).
Authority or AER	The electricity and related water sector authority established pursuant to Article 19 of the Sector Law, being the Authority for Electricity Regulation, Oman, having its postal address at P.O. Box 954, Postal Code 133, Al Khuwair, Sultanate of Oman.
Bank Commitment Letter	The letter from financial institutions supporting the Bid in the form set out in Form 5 of Appendix K.
Bid	A proposal submitted by an Interested Party in response to and in accordance with this RFP, including the SoQ, Technical Qualification and Final Bid Submission.
Bid Bond	The letter of credit which: (i) is in favour of the Tender Board; (ii) is in the form attached at Appendix B; and (iii) otherwise complies with the requirements of this RFP.
Bidder	An Interested Party who submits a Bid.
Bidding Group	Collectively all the Bidding Group Members of a Bidder where such Bidder takes the form of a consortium, joint venture or general partnership.
Bidding Group Member	A member or participant in a Bidding Group.
Bid Preparation Period	The period commencing from the time and date of issuance of this RFP and ending at the Final Bid Submission Deadline.
Bid Process	The competitive process being held by OPWP in accordance with this RFP with a view to selecting one or more private sector developers to undertake the Project.
Bid Process Timetable	The timetable set out in Section .
Bid Requirements	The requirements for a Bid and the submission of a Bid set out in this RFP.
Bid Submission Deadline	The SoQ Submission Deadline, Technical Qualification Deadline or the Final Bid Submission Deadline, as applicable.
BOO	Build, own and operate.
Buyer	OPWP.

Capital Markets Authority	The Capital Markets Authority of the Sultanate of Oman.
Commercial Companies Law	Law No. 4/74 issuing the Commercial Companies Law (as amended, supplemented or replaced).
Commercial Operation Date or COD	Has the meaning given to it in the draft Power Purchase Agreement.
Council of Ministers	The Council of Ministers of the Government of the Sultanate of Oman.
Dispatch Instructions	The instructions determined and issued to the Generator as to the operation or cessation of operation of the Plant (or any Unit thereof) in accordance with the provisions of the Grid Code.
Early Power Unit	Has the meaning given to it in the draft Power Purchase Agreement.
Effective Date	The Effective Date as defined in the draft PPA.
EHC	Electricity Holding Company SAOC, a closed joint stock company incorporated under the Laws of Oman, having its postal address at P.O. Box 850, Postal Code 116, Mina Al Fahal, Sultanate of Oman.
EHC Share Option Price	Has the meaning given to it in the draft Project Founders' Agreement.
Electrical Connection Agreement or ECA	The electrical connection agreement to be made and entered into between OETC and the Project Company, a draft of which is set out at Appendix H.
Environmental Impact Assessment or EIA	The environmental impact assessment to be conducted by the Project Company.
EPC	Engineering, procurement and construction.
Extranet	The secure extranet site managed by DLA Piper on behalf of OPWP and the Tender Board in accordance with Section .
Final Bid Submission	The Technical Submission and the Financial Submission.
Final Bid Submission Deadline	The time and date by which the Final Bid Submission must be received by the Tender Board as specified in the Bid Process Timetable, or such later time and/or date as the Tender Board may specify and notify to Interested Parties.
Financial Model	The financial model to be submitted by Bidders in accordance with Section 6.5.1(b).
Financial Submission	A proposal submitted by an Interested Party in response to and in accordance with this RFP, which contains the information set out in Section 7.14.3(a) of this RFP.

Gas Connection Facilities	The facilities as defined in the NGSA to be provided by MOG pursuant to the NGSA.
GIS	Gas Insulated Switchgear.
Government	The Government of the Sultanate of Oman.
Grid Code	Has the meaning given to it in the draft Power Purchase Agreement.
HV	High Voltage.
Information	Has the meaning given to it in the notice set out at the beginning of this RFP.
Initial Public Offering or IPO	The initial public offering of the capital in the Project Company to be implemented in accordance with the Project Founders' Agreement.
Interested Party	A person to whom the Tender Board provides a copy of this RFP for the purposes of soliciting a Bid from such person.
IPP	Independent Power Project and, where the context so requires, the Project.
IWPP	Independent Water and Power Project.
Last Commercial Operation Date	The latest date by which the Commercial Operation Date must have occurred, as defined in the draft PPA and as specified in Section .
Law	All legal requirements having effect in Oman.
Lenders	Financial institutions, other than Affiliates of the Project Company, from which the Project Company proposes to borrow money to finance the performance of its obligations in the Project Documents.
Licensed Transmission System Operator	OETC, or such other entity as is appointed at the time by the Authority.
Main Equipment	Gas turbines, heat recovery system generators, steam turbines, generators and transformers.
Managing Member	An entity forming part of a Bidding Group and designated by the other Bidding Group Members as manager of that Bidding Group, which entity fulfils the conditions described in this RFP in so far as they relate to a Managing Member.
MDQ	Maximum Daily Quantity.
MECA	The Ministry for Environment and Climate Affairs of the Government.

MHEW	Ministry of Housing, Electricity and Water of the Government (prior to restructuring the electricity and related water sector in Oman).
Minimum Eligibility Requirements or MER	Each of the minimum eligibility requirements set out in Section 6.3.1(a).
Minimum Functional Specification or MFS	The minimum functional specification for the Plant that is set out in Appendix I.
MOF	The Ministry of Finance of the Government.
MOG	The Ministry of Oil and Gas of the Government.
MOH	The Ministry of Housing of the Government.
Muscat Securities Market or MSM	The Muscat Securities Market of the Sultanate of Oman.
Natural Gas Sales Agreement or NGSA	The natural gas supply agreement to be entered into between MOG and the Project Company in the form set out in Appendix D.
Net Capacity Cost or NCC	Has the meaning given to it in Section 6.5.1(a)(ii).
O&M	Operation and maintenance.
OETC	Oman Electricity Transmission Company SAOC, a closed joint stock company incorporated under the Law, having its postal address at PO Box 1224, Postal Code 131, Al Hamriyah, Sultanate of Oman
OGC	Oman Gas Company SAOC, a closed joint stock company incorporated under the Law having its postal address at PO Box 799, Postal Code 133 Al Khuwair, Muscat, Sultanate of Oman.
Oman	The Sultanate of Oman.
Oman Electrical Standards	Has the meaning given to it in the Grid Code.
Omani Business Day	A day on which banks in Oman are open for business purposes.
Omanisation	The Government's policy for the employment and training of Omani nationals, as the same is reflected in the Law.
OPWP	Oman Power and Water Procurement Company SAOC, a closed joint stock company incorporated under the Laws of Oman having its postal address at PO Box 1388, Postal Code 112, Ruwi, Sultanate of Oman.
PAEW	Public Authority for Electricity and Water established by Royal Decree 92/2007 having its postal address at PO Box 106, Postal Code 112, Ruwi, Sultanate of Oman.

PEIE	Public Establishment for Industrial Estates, a public corporation formed by Royal Decree 4/93 having its postal address at PO Box 200, Postal Code 124, Al Russayl, Sultanate of Oman.
Plant	Has the meaning given to it in the draft Power Purchase Agreement.
Plant Model	Has the meaning given to it in the draft Power Purchase Agreement.
Power Purchase Agreement or PPA	The power purchase agreement to be entered into between OPWP and the Project Company, a draft of which is set out at Appendix C.
Preferred Bidder	The Shortlisted Bidder with the lowest net cost of power capacity in Rial Omani that has satisfied the criteria specified for the SoQ Submission, Technical Qualification and Final Bid Submission in Section 6.
Project	The IPP at [--] being tendered in this RFP.
Project Company	The closed joint stock company to be established by the Successful Bidder pursuant to the Commercial Companies Law for the purposes of entering into the Project Documents with OPWP and undertaking the Project.
Project Documents	Each of the agreements required to be entered into to give effect to the Project.
Project Founders	The shareholders of the Project Company but excluding those shareholders who obtain shares pursuant to the Initial Public Offering and any other shareholders who obtain shares in the Project Company (or such other entity) through trading on the Muscat Securities Market.
Project Founders' Agreement or PFA	The agreement to be entered into between the Project Founders and EHC on the same date on which the Project Company enters into the Project Documents, a draft form of which is set out at Appendix E.
Project Timetable	The Project implementation timetable set out at Section 3.1 which specifies the key milestone dates for the Project.
Qualified Bidder	Has the meaning given to it in Section 6.3.2.
Qualifying Bidding Group Member	An entity, forming part of a Bidding Group, that satisfies one or more of the Minimum Eligibility Requirements and which fulfils the conditions described in Section 6.1.2 of this RFP.
Reference Exchange Rate	The RO/US\$ exchange rate quoted in Section 6.5.1(a)(v).
Regulated Activities	The activities stipulated in Article 3 of the Sector Law, including the generation of electricity, the transmission, distribution and supply of electricity, and the functions of OPWP.

Request for Proposals or RFP	This request for proposals, including its appendices and attachments, as the same may be amended or supplemented from time to time.
Request for Qualifications or RFQ	The request for bidders to submit a Statement of Qualifications in accordance with this RFP.
Rial Omani or RO	The lawful currency of Oman.
Seasonal Weighting Factor	Has the meaning given to that term in Section of this RFP.
Seawater Intake/Outfall Facilities	The seawater intake/outfall facilities to be designed, financed, constructed, owned, operated and maintained to provide for the seawater cooling requirements as part of the Project.
Sector Law	Royal Decree No. 78/2004 promulgating the Law for the regulation and privatisation of the electricity and related water sector, as amended by Royal Decree 59/2009.
Shortlisted Bidder	A Qualified Bidder who has been shortlisted after the Final Bid Submission Deadline, as described at Section .
Site	The area upon which the Project is to be constructed.
Statement of Qualifications or SoQ	The statement of qualifications submitted by Bidders in response to the Request for Qualifications contained in this RFP, which should contain the information set out in Section 7.14.1 of this RFP.
SoQ Requirements	Has the meaning given to that term in Section 6.3.1 of this RFP
SoQ Submission Deadline	The time and date by which the SoQ must be received by the Tender Board as specified in the Bid Process Timetable, or such later time and/or date as the Tender Board may specify and notify to Interested Parties.
Successful Bidder	The Bidder selected by OPWP to form the Project Company to enter into the Project Documents and to undertake the Project in accordance with those agreements.
Summer Period	Has the meaning given to that term in Section 5.5.4 of this RFP.
Tariff Schedule	The schedule that is attached as Schedule B to the draft PPA.
Taxes	Any tax levied under the Law.
Technical Qualification	A proposal submitted by an Interested Party in response to and in accordance with this RFP, which should contain the information set out in Section 7.14.2 of this RFP.
Technical Qualification Deadline	The time and date by which the Technical Qualification must be received by the Tender Board as specified in the Bid Process Timetable, or such later time and/or date as the Tender Board may specify and notify to Interested Parties.

Technical Submission	A proposal submitted by an Interested Party in response to and in accordance with this RFP, which should contain the information set out in Section 7.14.3(b) of this RFP.
Temporary Areas	The temporary areas as defined in the Usufruct Agreement for Temporary Areas set out in Appendix G.
Tender Board	The Tender Board of the Sultanate of Oman, as established pursuant to Sultani Decision No. 19/73, having its postal address at PO Box 787, Postal Code 133, Al-Khuwair, Sultanate of Oman.
US\$	The lawful currency of the United States of America.
Usufruct Agreement for Site	The usufruct agreement to be made and entered into between PEIE and the Project Company in the form set out in Appendix F.
Usufruct Agreement for Temporary Areas	The usufruct agreement to be made and entered into between PEIE and the Project Company in the form set out in Appendix G.
Validity Period	A period of one hundred and eighty (180) days from the Final Bid Submission Deadline, being the period during which Bids must remain valid and open for acceptance by OPWP, as such period may be extended from time to time by agreement between OPWP, represented by the Tender Board, and any one or more Bidders.
Winter Period	Has the meaning given to that term in Section 5.5.4 of this RFP.

- **Units and measures**

BTU	British Thermal Unit
°C	Degrees Celsius
GJ	GigaJoule = one thousand megaJoules
Hz	Hertz = one cycle per second
kJ	kiloJoule = one thousand joules
km	kilometre = one thousand metres
kV	kilovolt = one thousand Volts
kVA	kilovolt Ampere = one thousand Volt Amperes
kW	kilowatt = one thousand Watts
kWh	kilowatt hour = one thousand Watt hours
m	Metre
m³	Cubic metre

m³/h	Cubic metre per hour
m³/day	Cubic metre per day
MIGD	Million Imperial gallons per day
MJ	MegaJoule = one thousand kilojoules
MMBTU	Million British thermal unit
MMSm³	Million Standard cubic meters
MVA	Megavolt Ampere = one million Volt amperes
MVA_r	Reactive Megavolt Ampere
MW	Megawatt = one thousand kilowatts
MWh	Megawatt hour = one thousand kilowatt-hours
scf	Standard cubic foot
Sm³	Standard cubic meter
V	Volt

- **Interpretation**

- Save to the extent that the definitions, context or the express provisions of this RFP otherwise require:
 - all references to Sections and Appendices are references to sections and appendices of this RFP;
 - all references to paragraphs are references to paragraphs of this RFP or to paragraphs of the Appendices;
 - all references to clauses are references to clauses of the relevant draft Project Documents which are attached as Appendices hereto;
 - all references to times are references to times existing in Oman and all references to times and dates are references to times and dates according to the Gregorian calendar;
 - all references to defined terms are as defined in the relevant Project Documents;
 - words importing the singular include the plural and vice versa;
 - words importing a particular gender include all genders;
 - “person” includes any individual, consortium, joint venture, partnership, firm, trust, body corporate, government, governmental body, authority, emanation, agency or instrumentality, an unincorporated body of persons or an association;

and

- all monetary amounts are expressed in Rial Omani (RO) unless expressly provided otherwise.
- In the event of any conflict or discrepancy between the various constituent parts of this RFP, the following order of precedence will apply:
 - Firstly, Appendix I (Minimum Functional Specifications);
 - Secondly, Appendices C to H (Project Documents); and
 - Thirdly, Sections 1 to 8 inclusive of the RFP itself.
- **Organisation of this RFP**
- This RFP is divided into eight sections as follows:
 - Section contains a glossary of the terms used in this RFP;
 - Section is an introduction;
 - Section sets out a timetable for the Bid Process;
 - Section contains a description of the Project;
 - Section describes the risk allocation structure and the contractual arrangements;
 - Section contains details of the Bid evaluation criteria;
 - Section contains instructions to Bidders; and
 - Section 8 describes the industry structure in Oman.

- **Introduction**

- **Background**

- The Government has initiated a successful programme for the restructuring of, and development of private sector involvement in, the electricity and related water sector, including:
 - promulgation by Royal Decree No. 78/2004 of the Sector Law, as amended by Royal Decree No. 59/2009;
 - establishment of the Authority and the related regulatory framework for the sector;
 - “unbundling” of the electricity and related water activities of the MHEW on 1 May 2005 to create the EHC together with nine related new sector entities, including OPWP; and

- further reorganisation of MHEW in 2007 to create the PAEW.
- Further details of the structure of the electricity and related water sector in Oman are provided in Section 8.
- As the table below confirms, Oman has an extensive and successful track record of private sector participation in the electricity and related water sector:

IPP and IWPPs in Oman

Project	Type	Generation/ water capacity	Year awarded	Lead founder
Manah Phase I	Gas OCGT	90 MW	1994	Suez Energy
Manah Phase II	Gas OCGT	190 MW	1999	Suez Energy
Al Kamil	Gas OCGT	285 MW	2000	International Power
Barka Phase I	Gas CCGT & MSF	427 MW 20 MIGD	2000	AES
Salalah Power System	Integrated Utility	240 MW	2001	PSEG
Sohar I	Gas CCGT & MSF	585 MW 33 MIGD	2004	Suez Energy
Rusail & Barka Phase II	Gas OCGT/ Gas CCGT & RO	1240 MW 26.4 MIGD	2006	Suez Energy
Salalah	Gas (OCGT/CCGT) MSF/MED/RO	370-430 MW 15 MIGD	2009	Sembcorp Utilities, Oman Investment Corporation
Barka III/Sohar II	Gas CCGT	750MW (each)	2010	Suez Energy

- The issue of this RFP is a continuation of the implementation by the Government of its privatisation policies designed to encourage private sector participation in the electricity and related water sector. This RFP contains details of the Bid Process that is being conducted by OPWP to enable private sector developers to undertake the Project.
- **Summary of the Project**
- The Project includes the design, construction, ownership, financing, operation and maintenance of a high efficiency gas fired power generation facility with a minimum capacity of [--]MW at reference conditions of power generation by [--]. The design of the Plant will also provide for high operational flexibility, including short start-up and shut-down times to respond to dispatch requirements (to include the provision of spinning and non-spinning grid reserves) and to minimize fuel costs, CO₂ and NO_x emissions.
- The scope of the Project shall include not only supply of the main power generation production facilities on the Site but all equipment and services necessary for the complete installation and safe and prudent operation and maintenance of the Plant.
- The Plant will be connected to the Licensed Transmission System Operator's transmission substation at the Connection Points at a voltage level of 220kV in accordance with the requirements of the Minimum Functional Specification (Appendix I).

- Gas supply infrastructure will be constructed by or on behalf of MOG and will be located in the vicinity of the Site and operated by Petroleum Development Oman on behalf of OGC which has adequate capacity to meet the requirements of the Project.
- The Successful Bidder will be responsible for designing, financing, constructing, owning, operating and maintaining the Seawater Intake/Outfall Facilities for the Project.

- **Contact**

- The point of contact for the Bidders will be the Tender Board.

- **Bid Process Timetable**

- **Timetable**

- The Bid Process Timetable is set out below.

	Milestone	Tentative Dates
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- **Project Details**

- **Introduction**

- This section presents an overview of the Project. The scope for the Project is set out in further detail in the Minimum Functional Specifications in Appendix I to this RFP.

- **Site and Site visits**

- The location and description of the Site is specified in Section 2.2.3 and in the MFS.
- It is the responsibility of Bidders to satisfy themselves as to the conditions of the Site and the Temporary Areas.
- Details of requirements for roads at the Site are set out in further detail in the Minimum Functional Specifications in Appendix I to this RFP.
- No general Site visits will be organised by OPWP. However, Bidders are free to visit and inspect the plot and the surrounding area. The location and coordinates of the Site and the Temporary Areas are respectively provided in Schedule 1, 2 and 3 of Appendix I. Bidders are solely responsible for ensuring that they have sufficient information for the preparation of their Bids in respect of the Site and the Temporary Areas. Specifically, Bidders must satisfy themselves as to the physical condition and circumstances of the Site, its environment and the environmental impact of the Project. Any failure to visit or to fully investigate the Site shall not relieve a Bidder from the responsibility for satisfying itself fully as to the costs and timetable for achieving any milestone for the Project or difficulty of successfully executing the Project in accordance with the Project Documents.
- Until the Project is awarded to the Successful Bidder, the Site will remain under the control of PEIE and any visits must be co-ordinated with PEIE. Applications for visits to view and inspect the Site must be made to PEIE 10 days in advance of the proposed visit, with a copy to OPWP for information purposes. Applications for visits must be accompanied by full details of all persons attending with copies of photographic identity cards or passports. Original photographic identification will be required for all visitors to the Site and special permission will be required for photography within the Site.
- Bidders are responsible for the proper and safe conduct of all those visiting the Site and will indemnify OPWP, PEIE and all relevant members of the public against all liability in respect thereof and will be responsible for all personal injury or death, loss of or damage to property and any other loss, damage, costs and expenses, howsoever caused, which would not have arisen but for such access.
- Bidders will be assuming the risk of Site conditions and should therefore ensure that the necessary Site surveys and studies have been properly evaluated and conducted to fully understand any pre-existing conditions at the Site. Soil surveys for the Site will

be made available to the Bidders by OPWP during the month of October, 2010.

- **Interconnections**
- Power Evacuation

The Plant will be connected to the Licensed Transmission System Operator's transmission substation at the Connection Points at a voltage level of 220kV, in accordance with the requirements of the Minimum Functional Specification (Appendix I). The Licensed Transmission System Operator's substation will be located in close proximity to the Site.

All work on the transmission circuit, routes, transmission grid substation site and any other land under the control of the Licensed Transmission System Operator and PEIE shall be carried out strictly in accordance with the requirements of the Licensed Transmission System Operator and PEIE, as applicable, in accordance with appropriate safety procedures.

The Licensed Transmission System Operator will grant to the Project Company such rights of access to the transmission grid substation as it requires to read meters and to maintain the Project Company's equipment. Access to install, operate and maintain its connection will be granted to the Project Company. These rights, together with the relationship between the Plant and the main interconnected system, will be reflected in the ECA which will be entered into by the Project Company and the Licensed Transmission System Operator. The Project Company will need to enter into discussions with the Licensed Transmission System Operator so as to ensure that the ECA is executed on or before the Scheduled Commencement Date for the Early Power Acceptance Test and for this purpose the Project Company shall pursue discussions with the Licensed Transmission System Operator with a view to agreeing the provisions of the ECA.

Metering of Electrical Energy will take place at the Electrical Delivery Point in the transmission grid substation. Metering will be to the standards of the Grid Code. The Project Company, OPWP and the Licensed Transmission System Operator will have access rights to these meters.

- Seawater intake/outfall

The Project Company will be responsible for designing, financing, constructing, owning, operating and maintaining the Seawater Intake/Outfall Facilities. The design, construction, operation and maintenance will take into consideration any reasonable requirements of the adjacent facilities of Oman LNG LLC and OMIFCO and specifically the requirement not to cause interference with marine movements and/or disruptions to their normal working operations.

The Project Company will be responsible for the supply, installation, maintenance and operation of the required seawater pumps with all auxiliary equipment at the pump bays reserved for the Project and will ensure the power supply for these pumps.

- Gas supply and infrastructure

The Gas Connection Facilities for the Project will be connected to gas supply infrastructure owned by MOG and operated by PDO on behalf of OGC. Responsibility for the construction, ownership and operation of the gas pipeline and any related gas facilities downstream of the Gas Delivery Point will be with the

Project Company.

Responsibility for the procurement of the construction and operation of the Gas Connection Facilities will lie with MOG and will not therefore form part of the Project. MOG will grant the Project Company such rights of access to the Gas Connection Facilities as it requires to read meters. These rights are reflected in the draft NGSA.

The NGSA will oblige MOG to supply specified quantities of Natural Gas at a specified quality, pressure and temperature at the Gas Delivery Point. The range of the constituents of Natural Gas are contained in Schedule A to the NGSA and Bidders' attention is drawn to the fact that Natural Gas quality may vary over the duration of the NGSA, as provided therein.

Gas metering will take place at the Gas Connection Facilities utilising 2 x 100% (one working and other standby) metering systems and will be to tariff accuracy. The Project Company will be responsible for the construction and operation of equipment downstream of the Gas Delivery Point including any additional monitoring and metering that the Project Company may require, and facilities to protect the Project if Non-Conforming Natural Gas is delivered.

The Project Company will be responsible for providing a power supply of capacity to be specified by MOG and with 100% redundancy on connections, transformers and switchgear to the Gas Connection Facilities. The supply requirements to be specified by MOG will be for essential telemetry and metering equipment and for cooling purposes.

- **Telecommunications**

The Project Company will be responsible for obtaining and maintaining external voice and data connections with the communication networks which are available in Oman.

- **Role and dispatch of the Plant**

The Licensed Transmission System Operator has established a load dispatch centre which dispatches all power stations which are connected to the main interconnected system in accordance with the provisions of the Grid Code.

Electricity demand in Oman varies considerably between the Summer Period and the Winter Period. This variation results in an annual load factor for the overall system of about fifty per cent (50%). The average load factor for the Plant will be dependent upon the following factors:

- the position of the Plant in the economic merit order;
- transmission constraints; and
- the system load factor.

The intention is that the contractual structure which is put in place for the electricity supply in Oman will provide optimal flexibility to the Licensed Transmission System Operator, allowing it to take the above factors into account when issuing Dispatch Instructions.

- **Permits, procedures and requirements**

The Project Company will be responsible for obtaining and maintaining all permits

and any other consents, licences and approvals which are required for the Project.

An indicative list of the permits which are required for the Project and which have been identified to date is set out at Appendix J for information purposes only. It is the Bidders' sole responsibility to satisfy themselves as to the legal requirements, and to obtain all permits and any other consents, licences and/or approvals which are required for the Project.

The Project Company shall undertake an Environmental Impact Assessment ("EIA") in accordance with the requirements and regulations of MECA.

Environmental compliance is considered an important issue by the Government. Following a letter of the General Secretariat of the Council of Ministers dated 15 January 2008, it was determined that Ministries and relevant entities should coordinate with MECA in respect of the location of projects.

A preliminary environmental permit application for the Project has been submitted by OPWP to MECA as a basis for securing the initial "No Objection Letter" from MECA. The initial "No Objection Letter" from MECA for the Project is attached as Appendix M to this RFP.

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- **Project Timetable**

Item	Activity	Indicative Date
1		
2		
3		
4		
5		
6		
7		

- **Project Structure and Contractual Framework**

- **Introduction**

- This section sets out the Project structure and summary of the contractual framework contained in the provisions of the Project Documents, drafts of which are provided in Appendices C to H to this RFP.
- The Project Company established by the Successful Bidder will enter into the Project Documents (other than the Project Founders' Agreement that will be entered into by the Project Founders) and implement the Project in accordance with the Project

Timetable.

- **Project Structure**

- The Project Company will be responsible for the design, finance, construction, testing, commissioning and operation of the Project under a BOO framework.
- OPWP will purchase power from the Project under a 15 year PPA commencing from the Scheduled Commercial Operation Date.
- Should the Successful Bidder fail to meet the requirements for Early Power, OPWP shall be entitled to request the Project Company to provide Electrical Energy to it from the Early Power Units that are capable of generating and delivering power. In such a case, the Project Company will be paid the capacity charge and electrical energy charge based upon the reduced capacity being delivered, as determined in the PPA.
- MOG will supply Natural Gas to the Project under the NGSA.
- The Project Company will comply with the prevailing Laws at all times during the construction and operation of the Plant.

- **Key Risk Allocation Principles**

- The risk allocation is tailored to the needs of the Project and the current requirements of OPWP. The contractual matrix for the Project broadly replicates the risk profile for previous Oman IPP/IWPPs but may differ in certain material respects from them and from other IPP/IWPPs in the Middle East region with which Bidders may be familiar. Bidders are invited to note, in particular, the following:
 - OPWP offers the Project as one to be conducted by the private sector on a BOO basis;
 - the fact that neither the signing of the Project Documents nor the obligations created by these agreements for the Project Company is conditional on financing. Bidders will be required to submit as part of their Financial Submission evidence of the financing commitments necessary to undertake the Project. The Bidders will be responsible for the financing assumptions used in their Bids. Consequently, OPWP will not consider any requests for tariff renegotiations resulting from changes in debt financing assumptions following the announcement of the Preferred Bidder other than as set out in Section 7.29;
 - in general, OPWP does not intend to review, approve or oversee the contracting arrangements in relation to the Project Company and requires only that Bidders provide the information concerning the EPC contractor for the Project, the operation and maintenance arrangements and the details of the other sub-contractors and suppliers, as is required by Form 6 of Appendix K. However, OPWP requires that a limited notice to proceed as well as a notice to proceed be issued to the EPC Contractor as part of the Milestones so as to ensure that the Construction Programme is achieved;
 - the Bidder (whether a single entity or a Bidding Group) must provide with its Bid a letter from the Authority confirming that, on the basis of information provided by the Bidder to the Authority (such information to include full details as set out in Form 2 of Appendix K), the Project Company is expected to

satisfy the Appropriate Person criteria. This information must initially be submitted as part of the SoQ and reconfirmed in accordance with Forms 1 and 11 of Appendix K. Prior to OPWP announcing the Qualified Bidders, Shortlisted Bidders, Preferred Bidder and Successful Bidder, it may require Bidders to obtain written confirmation from the Authority that the Project Company is expected to satisfy the Appropriate Person criteria;

- the Project Founders will be subject to an obligation to procure, within four (4) years from the date of incorporation of the Project Company, the listing of at least thirty-five per cent (35%) of the equity in the Project on the Muscat Securities Market and to offer such shares for public sale. This must be achieved through the listing of at least thirty-five per cent (35%) of the shares in the Project Company. This obligation is described in further detail in Section ;
- until listing, the Lead Founder (as defined in the Project Founders' Agreement) is required to maintain at least thirty-five per cent (35%) of the equity in the Project Company and from listing until the third anniversary of the Commercial Operation Date, the Lead Founder is required to hold at least twenty-two decimal seven five per cent (22.75%) of such equity. Other Qualifying Founders (as defined in the PFA) will be required to hold at least twenty per cent (20%) of the equity in the Project Company until the listing and thereafter will be required to hold at least thirteen percent (13%) until the third anniversary of the Commercial Operation Date;
- the Project must be undertaken in accordance with the Sector Law. It should be noted that certain restrictions will be contained in a generation licence, including market share restrictions and regulated activity/economic interest restrictions. These are outlined in Section ;
- the Authority has advised that the licensed operator of the Project Company must be a real operating company and not a virtual one. Specifically, the licensed operator must retain (directly) sufficient technical expertise to meet the Appropriate Person criteria and (either directly or on a contractual basis) access to appropriate management and financing functions. Accordingly, it would be inappropriate if all key management staff and technical and financial expertise were located, for example, in a holding company or some other company with no meaningful management or other capabilities at the licensed operator level;
- consistent with the BOO structure, the PPA does not provide any mechanism for buy-back of the Plant, nor does the PPA contain any right for the Project Company to require that the Buyer purchase the Plant in the event of Buyer default or long-term adverse impact of a Buyer Risk Event (as defined in the PPA) (although the Buyer is obligated to continue to pay Power Capacity Charges in such cases). Such "buy-out" rights are not considered especially beneficial to either party or to Lenders in the circumstances in which they might be expected to be invoked and are not consistent with the principles of the Sector Law;
- the Project structure includes an NGSA between the Project Company and MOG. The Project Company will be compensated by MOG through the NGSA in certain circumstances for loss of revenue or increased costs attributable to failures to supply Natural Gas in accordance with the NGSA;
- it is for Bidders to satisfy themselves fully as to the contents of the Project

Documents before submitting their Bids; and

- in some previous IPP/IWPPs in Oman, the financial obligations of OPWP under the power (and water) purchase agreements (over and above a *de minimis* threshold) were guaranteed by MOF. This guarantee has been executed and in force on execution of such power (and water) purchase agreements and has remained in effect until such time as OPWP obtained and maintained for a period of seven hundred and thirty (730) consecutive days, two (2) of the following unsecured ratings:
 - at least BBB from Standard and Poor's;
 - at least Baa2 from Moody's; and
 - at least BBB from Fitch.
- OPWP received a long term unsecured debt rating of A2 from Moody's in 26 October 2007 which was upgraded to A1 on 18 February 2010. A similar rating of A from Standard & Poor's was assigned to OPWP in May 2008 and reconfirmed in September 2009. Details of the Moody's credit rating report and the Standard & Poor's rating for OPWP together with the annual financial reports of OPWP are available on the OPWP website (www.omanpwp.co.om). Accordingly there will be no MOF guarantee of OPWP's payment obligations for this Project.
- **Project Financing Aspects**
- The effectiveness of the Project Documents will not be subject to any conditions, including as to the financing of the Project.
- Financing for the Project will be the sole responsibility of the Successful Bidder. The Successful Bidder will be free to finance the Project in any way it sees fit. OPWP recognises that a Successful Bidder may wish to raise limited recourse financing in relation to the Project and that Lenders may expect to be afforded certain rights in relation to it. Accordingly, the PPA will oblige OPWP to enter into the PPA Direct Agreement with the Lenders (in a form that is consistent with the draft of the agreement attached to the PPA included in Appendix C of the RFP) if a Successful Bidder so requests. Similarly, the NGSA will oblige MOG to enter into the NGSA Direct Agreement with the Lenders (in a form that is consistent with the draft of the agreement attached to the NGSA included in Appendix D of the RFP) if a Successful Bidder so requests.
- Bidders should note that Article 106 of the Sector Law requires a licensee to secure the prior written approval of the Authority to create or agree to create any security or interest over any of the Project's assets, liabilities or interests. Bidders will therefore wish to ensure that the financing of the Project is consistent with the provisions of the Sector Law and the terms on which the Authority would grant consent.
- **Power Purchase Agreement**
- General
 - The PPA will be between OPWP (as power off-taker) and the Project Company (referred to as the "Generator" in the PPA).
 - The PPA will set out the terms according to which the Project Company will

design, construct, commission, test and operate the Project.

- Failure of the Plant to meet the Early Power Acceptance Test shall entitle OPWP to request the Project Company to provide Electrical Energy to it from the Early Power Units that are capable of generating and delivering power. In such a case, the Project Company will be paid the Power Capacity Charge and Electrical Energy Charge based upon the reduced capacity being delivered, as determined in the PPA.
- The PPA will establish a requirement for the Project Company to make available a Guaranteed Contracted Power Capacity for the Early Power Period of at least 400MW, at the Scheduled Early Power Commencement Date (1 April 2013). The Project Company will make available the net electrical generating capacity for the Early Power Period and sell the Electrical Energy Delivered to OPWP receiving in return the Power Capacity Charges, Electrical Energy Charges and Fuel Charges.
- In the event that the Commercial Operation Date is not achieved by the Last Commercial Operation Date the PPA may be terminated.
- The PPA will impose an obligation on the Project Company to operate and maintain the Plant to an agreed level of availability in respect of the Guaranteed Contracted Power Capacity (during the Early Power Period) and the Guaranteed Contracted Power Capacity (following the Commercial Operation Date). During the Early Power Period and the Operation Period, under circumstances where the Plant is operating on Fuel Oil, the Project Company is obliged to operate and maintain the Plant to an agreed level of availability in respect of the Guaranteed Contracted Power Fuel Oil Capacity. The PPA will also impose an obligation on the Project Company to operate the Plant in a safe manner and within its design parameters.
- OPWP reserves the right to include provisions in the PPA arising from undertakings (if any) secured from a Bidder by the Authority relating to the application of a market share and/or economic interest restriction.
- Tariff Structure
 - During the testing and commissioning of the Plant prior to the Commercial Operation Date, OPWP will pay the Commissioning Energy Charges. These are derived from OPWP's obligation to buy from the Plant under construction whatever Electrical Energy is delivered during testing and commissioning of the Power Units at a tariff set by OPWP at RO 5.00 per MWh (index-linked to the Contract Price for Natural Gas under the NGSA).
 - Pursuant to Clause 12.7 of the PPA, during the period starting from the Day upon which the Demonstrated Power Capacity is first made available to the Buyer until the earlier of such time as the Buyer notifies the Generator that it no longer requires to purchase the Electrical Energy associated with such Demonstrated Power Capacity (which shall not include Commissioning Energy) and the Early Power Commencement Date (after which the provisions of the Early Power Period will apply) OPWP will pay the Power Capacity Charges, Electrical Energy Charges and Fuel Charges in respect of such Electrical Energy from such Demonstrated Power Capacity (which shall not include Commissioning Energy).
 - During the Early Power Period OPWP will pay the Power Capacity Charges and, in relation to Electrical Energy Delivered in this period, the Electrical

Energy Charge and the Fuel Charge. The Power Capacity Charges and the Electrical Energy Charge will be set according to the contents of the Successful Bidder's Bid.

- For the remainder of the Term of the PPA, following the Commercial Operation Date, in return for the Project Company making available the electricity generation capacity and selling the Electrical Energy Delivered, OPWP will pay the Power Capacity Charges, Electrical Energy Charges and the Fuel Charge. The Power Capacity Charges and Electrical Energy Charge will be set according to the contents of the Successful Bidder's Bid (see Section below in respect of the sculpting of the Tariff).
 - The Power Capacity Charges will be payable for each hour during which the applicable units are available during the Early Power Period and for each hour during which the Plant is available during the remainder of the Operation Period. The Capacity Charge is designed to cover fixed costs, including fixed operating and maintenance costs, debt service, and return on capital.
 - The Electrical Energy Charge is designed to cover variable operating costs of generation, excluding Fuel costs, and costs relating to Power Starts. The Electrical Energy Variable Operation and Maintenance Charge will be payable according to the Electrical Energy Delivered during the Early Power Period and the period following the Commercial Operation Date under the PPA.
 - The Fuel Charge is a pass-through of the Gas Price under the NGSA. The Fuel Charge will be calculated on the basis of the consumption of Natural Gas calculated by the Plant Model for the Electrical Energy Delivered.
 - The Tariff is structured in such a way as to provide incentives for the Project Company to meet the Scheduled Commercial Operation Date, to comply accurately with Dispatch Instructions and to optimise availability and efficiency.
 - Payments will be denominated in Rial Omani (RO). The Investment Charge element of the Capacity Charge will be linked to the RO-US\$ exchange rate, at a percentage to be specified by the Bidder. The fixed and variable operation and maintenance charges for power will, as to portions to be specified by the Bidder, be linked to the RO-US\$ exchange rate, the US inflation rate and the Omani inflation rate. Further details as to the payment structure are contained in the Tariff Schedule as attached as Schedule B to the draft PPA set out in Appendix C.
- Performance Bond
 - It is a requirement of the PPA that a Performance Bond of fifty million Rial Omani (RO50,000,000) in the form set out in the draft PPA be posted by the Project Company at signing of the PPA. The Performance Bond must be maintained or renewed until thirty (30) days after the Commercial Operation Date. The Performance Bond must be valid for a period of not less than 12 months and must be replaced at least thirty (30) days prior to its expiry. If the Performance Bond has not been so renewed or replaced, OPWP will be entitled to call the entire amount of the Performance Bond and retain such amount as security against the Project Company's potential liability to honour any indemnity or other liability under the PPA. The Performance Bond must be provided by a bank which is acceptable to OPWP and which

is licensed to carry on banking business in Oman.

- The PPA includes Milestones for commencement of construction and achievement of the Scheduled Commercial Operation Date (and the Scheduled Early Power Commencement Date). Failure to achieve the Milestone for the achievement of the Commercial Operation Date prior to the Last Commercial Operation Date may result in termination of the PPA and forfeiture of the Performance Bond. The PPA will require that the Commercial Operation Date is achieved in respect of a minimum of ninety-five per cent (95%) of the Guaranteed Contracted Power Capacity on or before the Last Commercial Operation Date, failing which the PPA may be terminated by OPWP and the Performance Bond may be forfeited.
- If the Commercial Operation Date is achieved by the Last Commercial Operation Date, the Performance Bond (or the balance remaining to the credit thereof after the deduction of amounts due but unpaid to OPWP) shall be released and returned to the Project Company within thirty (30) days of OPWP accepting the Commercial Operation Date.
- In the event of termination of the PPA for default of the Project Company prior to the Commercial Operation Date, OPWP shall be entitled to retain the entire amount of the Performance Bond.
- In addition, OPWP may call on the Performance Bond for any amount owing where the Project Company has failed to pay any amount due under an indemnity or other payment obligation in the PPA within the periods specified in the PPA.
- Availability targets and incentives
 - The tariff is structured so as to incentivise power availability during the period from 1 April to 30 September (the "**Summer Period**") of each Contract Year with deductions for reduced availability below 100% during this period. During the remainder of the year (period from 1 October to 31 March (the "**Winter Period**")), there will be a reduction of the Power Capacity Charge with a minimum deduction of fifteen per cent (15%) from the Power Capacity Charge in respect of Scheduled Unavailability in this period.
 - In addition, the Power Capacity Charge will be weighted by a factor (the "**Seasonal Weighting Factor**") reflecting the varying value of capacity through the year. The Seasonal Weighting Factor shall be 1.75 for May, June and July, 1.25 for August and September, 0.75 for April and 0.5 during the Winter Period of each Contract Year.
- Dispatch procedures
 - OETC has been created pursuant to the Sector Law and dispatches Electrical Energy from all power stations which are connected to the main interconnected system in accordance with the provisions of the Grid Code.
- Testing of the Plant
 - The PPA will provide for the performance of Acceptance Tests for the purpose of commissioning Power Units and/or the Plant, which must be duly completed in order to achieve the Commercial Operation Date (and Early Power Commencement Date). The Acceptance Tests will comprise tests for functionality, contracted capacity, reliability and environmental compliance.

Bidders are required to submit proposals for undertaking the various Acceptance Tests taking into account the annual Omani load profile and inability to carry out a full load reliability run test during the January to April 2014 period. Bidders will be expected to set forward proposals for Testing, to be approved by OPWP, which shall allow for a clear demonstration of the ability to run the Plant on full load without actually performing a full load reliability Test. In particular, the proposed Tests should clearly eliminate any reliance of a specific Power Unit on equipment which would not normally be available to that Power Unit.

- Once the Commercial Operation Date has occurred, the PPA will require the Project Company to undertake Plant Performance Tests on a regular basis to determine the actual capacity of the Plant which is available for dispatch and whether the Plant must be de-rated, the results of which will be taken into account in the Tariff calculation.
- Project Company responsible for primary and back-up Fuel supply
 - The Project Company will be responsible for securing adequate Fuel supplies for the Plant. The Plant will not be available for the purposes of the PPA to the extent that it does not have such supplies available on any day. The Project Company will not be entitled to Power Capacity Charges to the extent that the Plant is not available due to such lack of Fuel.
 - The Project Company will be responsible for securing the supply to the Plant of primary Fuel (which is to be Natural Gas supplied pursuant to the NGSA) and obtaining and replenishing a minimum five day reserve supply of back-up Fuel (which is to be Fuel Oil). Initial filling, top-up and longer-term (if required) Fuel Oil supply arrangements will be the Project Company's responsibility.
 - The Project Company will be obliged to notify OPWP forthwith if at any time it becomes aware that Natural Gas has not been or will not be made available to it pursuant to the NGSA and of the fact that it is operating or will need to operate on Fuel Oil. The PPA will entitle OPWP to require that the Plant be operated using Fuel Oil when Natural Gas is not available.
 - The PPA obliges the Project Company to ensure that the Plant will switch to operation on Fuel Oil automatically without interruption following a failure of the Gas Connection Facilities or a fall below the minimum pressure for the supply of Natural Gas under the NGSA.
- **Natural Gas Sales Agreement**
- General
 - The Project Company will be required to enter into the NGSA with MOG at the same time as the PPA. This will provide for the purchase by the Project Company of Natural Gas from MOG and for the sale and delivery by MOG of Natural Gas to the Plant.
- Gas quantity
 - The NGSA will provide for the Project Company's right to nominate up to a maximum quantity of Natural Gas on any day equal to a maximum daily quantity ("**MDQ**") which shall be the quantity required to enable the Project Company to operate the Plant at Guaranteed Contracted Power Capacity

under all operating conditions, as required by the PPA and in accordance with the Dispatch Instructions. Bidders are invited to propose the MDQ based on their technical proposals. MOG will make available the requisite Natural Gas volumes and gas infrastructure which will be in place to supply the Plant's requirements not later than twenty (20) Days after the First Gas Delivery Date.

- The NGSA will provide an undertaking from MOG to design, construct, test, commission, operate and maintain the Gas Connection Facilities.
- Gas quality
 - The NGSA requires that Natural Gas be delivered in accordance with the agreed Natural Gas quality specification. Natural Gas quality may change over time within that specification, as described in the NGSA. Bidders' attention is drawn to the Natural Gas specification information set out at Schedule A to the draft NGSA.
- Gas price
 - The Contract Price for Natural Gas delivered is currently set at the Rial Omani equivalent of US\$[--] per MMBTU (on a Lower Heating Value Basis), subject to adjustment to reflect any different price for Natural Gas which from time to time is specified by any Competent Authority in respect of Natural Gas which is used in the electricity generation and water desalination sector in Oman from time to time.
 - The Project Company will not have any "take-or-pay" obligation under the NGSA.
- Gas supplier liability for failure to supply Natural Gas
 - MOG will be required to compensate the Project Company for certain failures to deliver Natural Gas in quantities and of the quality required by the NGSA.
 - If MOG fails to deliver the quantity of Natural Gas required to undertake the Acceptance Tests, MOG will pay compensation to the Project Company for:
 - any incremental costs incurred in commissioning or testing the Plant due to the delay;
 - any loss of the Power Capacity Charges which would otherwise have been due to the Project Company under the PPA, including the impact of any loss of the increased Power Capacity Charge arising from the application of the Seasonal Weighting Factor due to the Project Company in a Summer Period under the PPA arising as a result of the delivery failure causing the Project Company to achieve a Commercial Operation Date later than the Scheduled Commercial Operation Date or, an Early Power Commencement Date later than the Scheduled Early Power Commencement Date; and
 - the amount up to the value of the Performance Bond issued by the Project Company under the PPA (to the extent that such Performance Bond has been called by OPWP pursuant to the PPA) and any other damages (but only to the extent that OPWP has terminated the PPA in accordance with its terms) as a result of the

delivery failure causing the Project Company to be unable to achieve the Commercial Operation Date by the Last Commercial Operation Date.

- MOG will have the right to request one interruption per Winter Period of a maximum duration of 72 hours and one interruption at any time during the Contract Year of a maximum duration of eighteen (18) hours in order to carry out routine maintenance. MOG's request for an interruption in the Winter Period should be coordinated to coincide with Planned Outages for the Plant or part thereof.

- **Term of NGSA**

The term of the NGSA will be coterminous with that of the PPA.

- **Usufruct Agreements**

- **Usufruct Agreement for Site**

- A Usufruct Right over the Site (including the Seawater Intake/Outfall Facilities) will be granted by PEIE to the Project Company pursuant to the Usufruct Agreement for Site.
- The Usufruct Right shall be granted for an initial period of 25 years with an option to extend the Usufruct Right for an additional period, in each case subject to earlier termination in accordance with the terms of the Usufruct Agreement for Site.
- An annual consideration will be payable for the grant of the Usufruct Right in accordance with the draft Usufruct Agreement for Site.
- On the expiry of the Term or earlier termination of the Usufruct Agreement for Site, PEIE may require the Project Company either to remove the Plant and reinstate the Site or to vacate the Site on payment of compensation to be determined in accordance with the Usufruct Agreement for Site.

- **Usufruct Agreement for Temporary Areas**

- A Usufruct Right over the Temporary Areas will be granted by PEIE to the Project Company pursuant to the Usufruct Agreement for Temporary Areas.
- The Usufruct Right shall be granted for a period expiring 3 months after the Commercial Operation Date or on termination of the Usufruct for Site, if earlier, subject to earlier termination in accordance with the terms of the Usufruct Agreement for Temporary Areas.
- An annual consideration will be payable for the grant of the Usufruct Right in accordance with the draft Usufruct Agreement for Temporary Areas.
- On the expiry of the Term of the Usufruct Agreement for Temporary Areas, PEIE may require the Project Company to reinstate the Temporary Areas or to vacate the Temporary Areas on payment of compensation to be determined in accordance with the Usufruct Agreement for Temporary Areas.

- **Electrical Connection Agreement**
- The ECA will be entered into between the Project Company and OETC on or before the Scheduled Commencement Date for the Early Power Acceptance Test and will provide for the connection of the Plant to the main interconnected system.
- In addition to providing for the connection of the Plant and main interconnected system, the ECA will:
 - describe the boundary of ownership, operational and safety responsibilities and the rights of each of the parties in respect of electrical connection facilities and provisions for the modification of such facilities; and
 - provide the Project Company with such rights of access as it reasonably requires to operate, maintain, test, remove, modify or repair the User Equipment and to read meters.
- **Project Founders' Agreement**
- The PFA will contain the restrictions on share disposals by the Project Founders and provide for the listing on the Muscat Securities Market ("**MSM**") of at least thirty-five per cent (35%) of the Project Company and the obligation to offer such shares for public sale. Accordingly, the PFA assists the Government to achieve the following key objectives:
 - development of the local capital market;
 - promoting Omani shareholding in Omani companies in the electricity supply and related water sector; and
 - (together with the PPA) attracting investors and contractors with international experience in the construction, operation and maintenance of electricity generation plants and desalination plants.
- The implementation of the Plant forms an integral part of this strategy. Accordingly, applicable Omani law and Government policy determines the following approach to the initial ownership of the Project Company:
 - the facilitation of the possibility of one hundred per cent (100%) foreign investment in, and ownership of, the Project Company; and
 - the requirement for the Project Founders to offer at least thirty-five per cent (35%) of the capital in the Project Company on the MSM in accordance with the principles set out in the following paragraphs.
- The Project Founders are required to procure the listing of at least thirty-five per cent (35%) of the capital in the Project Company by listing on the MSM the shares in the Project Company. In previous IPP/IWPPs in Oman, the percentage of shares to be subject to the listing and public offering obligation was determined by reference to specific Sultani Decrees enacted in relation to the relevant project. Following the implementation of the Sector Law, it is not anticipated that any specific Sultani Decree will be promulgated in respect of the Project. Pursuant to Sultani Decree 59/2009, PAEW is the authority for determining the appropriate percentage of shares to be floated on the MSM. PAEW has confirmed that 35% of the shares in the Project Company should be floated on the MSM.

- The listing is required to take place during a period of four (4) years from the date of incorporation of the Project Company. Bidders will be free to set the price for the shares for the Initial Public Offering at the time of floatation, subject to approval from the Capital Markets Authority. Where not all of the shares are disposed of during this IPO, the Project Founders are required to continue offering the relevant shares for sale on an annual basis until the seventh anniversary of the incorporation of the Project Company.
- In addition, EHC will have an option to acquire the balance of any shares that were not sold to entities or persons of Omani nationality during the IPO or any subsequent offering during a period of three (3) years commencing on the date falling four (4) years after incorporation of the Project Company. Any such shares will be available to EHC at the EHC Share Option Price which is calculated based on the formula set out in Schedule 2 of the draft Project Founders' Agreement. The formula is based on a fixed return rate of seven and a half per cent (7½%). EHC may also exercise its option to acquire the shares if the Project Founders fail to make any IPO.
- It is not OPWP's expectation that EHC would retain for the long term any shares in the Project Company that it acquires through exercising the share option. The purpose of EHC's share option is to facilitate the eventual sale of the shares to the public.
- **IPP contractual matrix diagram**

-
- **Bid Evaluation Process**
- **Bidding Entities**
 - Bidders (and Bidding Group as applicable) must satisfy each of the Minimum Eligibility Requirements detailed in Section 6.3.1(a), as detailed below.
- Single Entity Bidder:
 - If the Bidder is a single entity, it must satisfy each of the Minimum Eligibility

Requirements.

- In addition, the Bidder will be the "**Lead Founder**" for the purposes of the Project Founders' Agreement and will be required to maintain equity commitments in the Project Company as set out in the Project Founders' Agreement, as follows:
 - in the period prior to the initial public offering required under the Project Founders' Agreement (the "**IPO**") hold at least thirty five per cent (35%) of the shares in the Project Company; and
 - from the IPO up to the third anniversary of the Commercial Operation Date, hold at least twenty two point seven five per cent (22.75%) of the shares in the Project Company.
- Consortium Bidder:
 - A Bidder that is a consortium (a "**Bidding Group**") must designate a managing member (the "**Managing Member**"). The Managing Member must, as a minimum:
 - satisfy MER 1; and
 - satisfy either MER 2 and/or MER 3.
 - In addition, the Managing Member will be the "**Lead Founder**" for the purposes of the Project Founders' Agreement and will be required to maintain equity commitments in the Project Company as set out in the Project Founders' Agreement, as follows:
 - in the period prior to the IPO, hold at least thirty five per cent (35%) of the shares in the Project Company; and
 - from the IPO up to the third anniversary of the Commercial Operation Date, hold at least twenty two point seven five per cent (22.75%) of the shares in the Project Company.
 - Where all MERs are not satisfied by the Managing Member, the experience of the Bidding Group (other than the Managing Member) will be evaluated in respect of the remaining MERs. Any of MER 2, MER 3 and MER 4 which is not met by the Managing Member must be met by another member of the Bidding Group (a "**Qualifying Bidding Group Member**") so that the MERs are satisfied by the Bidding Group as a whole.
 - In addition, each Qualifying Bidding Group Member will be a "**Project Founder**" for the purposes of the Project Founders' Agreement and will be required to maintain equity commitments in the Project Company as set out in the Project Founders' Agreement, as follows:
 - in the period prior to the IPO, hold at least twenty per cent (20%) of the shares in the Project Company; and
 - from the IPO up to the third anniversary of the Commercial Operation Date, hold at least thirteen percent (13%) of the shares in the Project Company.

- **Evaluation of Bid Submissions**

- Each Bid will be evaluated in accordance with the criteria set out in (i) Section 6.3 for evaluation of each Statement of Qualification, (ii) Section 6.4 for evaluation of each Technical Qualification, and (iii) Section for evaluation of each Final Bid Submission.

- **Evaluation of Statements of Qualifications**

- Each Statement of Qualification will be assessed to determine whether the following requirements are satisfied (the "**SoQ Requirements**"):
 - Compliance by the Bidder with the following Minimum Eligibility Requirements ("**MER**"):
 - MER 1

- MER 1

- A minimum tangible net worth of United States Dollars five hundred million (US\$500,000,000) (or equivalent). This characteristic must be demonstrated as specified in Forms 3 and 4 of Appendix K.

- Notes:

- The minimum tangible amount stated above will apply to a Bidder or Bidding Group for the purposes of evaluation of the SoQs. Where a Bidder expects to meet this requirement by being part of a Bidding Group, this should be clearly noted in the attached Forms 3 of Appendix K and details of all qualifying members of the Bidding Group will be required;

- Where a Bidder or Bidding Group relies on the financial standing of its shareholders to meet the requirements of MER 1, the Bidder or Bidding Group must confirm that such shareholders will be prepared to issue guarantees (substantially in the form of Form 13 of Appendix K) to support the Bid. Any proposal submitted which is reliant on such support to meet the requirements of MER 1 which do not include executed guarantees may be disqualified.

- MER 2

- A strong record of successfully developing projects demonstrated by having acted as a leading project participant on at least two (2) IPP/IWPPs, each with a net installed capacity of at least 350 MW (provided that one project is at least 500MW), which have reached commercial operation within the eight (8) year period immediately preceding the SoQ Submission Deadline.

- This characteristic must be demonstrated as specified in Form 3 of Appendix K.

- MER 3

- Be the beneficial owner of at least 500 MW installed capacity of combined cycle gas turbine technology as at the SoQ Submission

Deadline.

This characteristic must be demonstrated as specified in Form 3 of Appendix K.

- **MER 4**

Demonstrate a strong track record of operations and maintenance (either as principal or as a subcontractor providing such services) for at least three (3) power projects, one of which is based on (combined cycle) gas turbine technology, as follows:

- Two (2) power projects each with an installed capacity of at least 250 MW; and
- One (1) power project with an installed capacity of at least 500 MW,

as at the SoQ Submission Deadline and during at least the three and a half (3½) years immediately preceding the SoQ Submission Deadline. This characteristic must be demonstrated as specified in Form 3 of Appendix K.

- Provision of a letter issued by the Authority confirming that, on the basis of information provided by the Bidder to the Authority, the Project Company is expected to satisfy the Appropriate Person criteria; and
- Provision of details of the experience and qualification of each Bidder's proposed EPC contractor(s), satisfying the following requirements (Form 6 (Part IV-1) of Appendix K):
 - The EPC contractor must have successfully acted as the EPC contractor responsible for the design, construction and commissioning of at least three (3) fossil fuel fired power stations, each with a capacity of at least 500MW;
 - At least two (2) of the three (3) projects should be based on gas turbine technology with one (1) of these two (2) projects being based on combined cycle gas turbine technology.

OPWP recognises that the Bidder may change the EPC contractor from that anticipated at the time of submitting the SoQ to that supporting the final Bid. This is permitted, however, the new EPC contractor must always meet the SoQ Requirements or the final Bid may be rejected by OPWP as non compliant.

- Only SoQs submitted by Bidders that comply with the SoQ Requirements will be selected (the "**Qualified Bidders**") and notified by the Tender Board. Once notified, Qualified Bidders will be requested to submit a Technical Qualification and subsequently a Final Bid Submission (incorporating the final Technical Submission and Financial Submission). Bids that do not comply with the SoQ Requirements may be rejected and will not be evaluated further.
- **Evaluation of Technical Qualification**

- Technical Qualifications shall be evaluated on the basis of this Section 6.4.1:
 - An assessment of the Qualified Bidders' technical proposals (Forms 6 (excluding the previously submitted Part IV-1 of Form 6), 9 and 10 of Appendix K) and compliance with the MFS, as follows:
 - OPWP is satisfied that (A) experienced contractors using tried and tested state of the art plant and equipment will construct the Project, and (B) the Qualified Bidders will be able to obtain the Main Equipment needed for the Project to meet the Project Timetable;
 - The acceptability of plant and equipment proposed for the Project and the ability of the Plant to operate in accordance with Qualified Bidders' proposals (as set out in Form 7 of Appendix K);
 - Compliance with the technical requirements contained in the MFS, PPA and NGSA in respect of the Project (as specified in Form 6 of Appendix K). Failure to satisfy this requirement may result in a Bid being rejected;
 - Assessment of the proposed operation and maintenance plans in relation to the Project (as specified in Form 6 of Appendix K);
 - Evaluation of the Main Equipment on the basis of the actual world-wide operating experience of the proposed equipment. The design and materials of the Main Equipment must be proven by evidence, to the satisfaction of OPWP, of the following minimum operational experience in comparable ambient conditions:
 - in the case of steam turbines and heat recovery steam generators, at least two (2) steam turbines and heat recovery steam generators of a similar size and design in service for a minimum of three (3) years;
 - in the case of gas turbines, at least one (1) year in service for at least two (2) such gas turbines of a similar size; and
 - for other Main Equipment items, at least three (3) years in service for at least two (2) such items of a similar size and type;
 - Review of the list of the suppliers of Main Equipment. The suppliers identified on such a list are subject to final approval by OPWP. The Project Company must select suppliers of Main Equipment only from the list approved by OPWP;
 - Assessment that a Qualified Bidder's proposed designated layout of the Plant on the Site is practical and takes full account of Site safety, access to equipment and environmental requirements and that all necessary Site services can be made available;
 - Review of the proposed construction programme in respect of the Project (as specified in Form 6 – Part VI of Appendix K). Qualified Bidders must be able to demonstrate with respect to the Construction Programme that their Bid satisfies the Project Timetable as specified in Section . Evidence to support the achievability of the Construction Programme, such as confirmation dates for availability of the Main

Equipment items and a list for the procurement of long lead items (Form 10 of Appendix K) must be provided. Credit will be given for firm evidence of availability of the Main Equipment; and

- A review of the capability of the Plant to operate in accordance with the Bidder's proposed operating mode (as set out in Form 6 of Appendix K, by specifying power output levels along with other corresponding technical parameters for a number of operating points representing prospective daily operating profiles).
- An assessment of the extent and nature of a Qualified Bidders' proposed amendments to Project Documents, taking the following into consideration:
 - OPWP is of the opinion that the terms of the Project Documents being proposed in this RFP are fair and reasonable and, consequently, it does not envisage that Bids which propose significant changes to any of the material provisions thereof and/or significant alterations of the risk allocation which they incorporate, will be successful. However, it is acknowledged that some Bidders may wish to propose certain limited modifications to the Project Documents;
 - Bidders who are not able to submit their Technical Qualifications based on the full drafts of the Project Documents which were provided to Interested Parties with this RFP, will be required to provide, as part of their Technical Qualifications, complete and detailed type-written mark-ups for each Project Document. However, every proposed change must contain complete drafting rather than general comments and be clearly identified:
 - by being clearly underlined and in bold text and strike-through for deletions in the document; and
 - in a separate type-written list, identifying the document, clause number and page reference where the change is proposed to be made and detailed justification for each such requested change;
 - Any amendment which is not highlighted and justified as described above will be disregarded and may render a Bid non-compliant and may result in a Bid being rejected;
 - Any proposed changes to the Project Documents will be assessed by OPWP and may be incorporated into a further draft of the Project Documents, as necessary. If Bidder's comments are incorporated, the Project Documents shall be reissued to the Qualified Bidders in accordance with Section 6.4.2. It is therefore the intention of OPWP to address any proposed changes to the Project Documents during the Bid clarification process in order that the Project Documents are in a form that can be signed without further negotiation with the Preferred Bidder;
 - Any change to the Project Documents which in any way seeks to make the Project Documents or any of them or any obligation in the Project Documents conditional upon the Project Company or other entity within the proposed corporate structure of the Project or the Project Founders raising finance, or which seeks to facilitate renegotiation by Lenders, may render a Bid non-compliant and may

result in the Bid being rejected;

- An assessment of a Qualified Bidders' proposals for Omani Content, evaluated on the basis of the value of such Omani Content in excess of the minimum required level specified in Section which Bidder's propose to utilise in undertaking the Project. This will be determined by reference to the level of Omani products used in the construction of the Plant and by reference to the level of Omani contractors' and suppliers' input into the construction of the Plant (to be provided as specified in Form 8 of Appendix K); and
- Confirmation in Form 11 of Appendix K, that:
 - there have been no changes to the Bidder/Bidding Group since the submission of the SoQ; or
 - changes have been made to the Bidder/Bidding Group (as identified in a mark up against the previously submitted SoQ) and the Authority has reconfirmed in writing that the Project Company is expected to satisfy the Appropriate Person criteria; and
 - it continues to comply with all other SoQ Requirements.
- Once the Technical Qualification has been evaluated and clarifications and responses obtained from Bidders in accordance with the Bid Process Timetable in Section , a revised suite of Project Documents (including amendments to the MFS) may be reissued to Qualified Bidders. Qualified Bidders should be willing to commit to the Project on the terms of the Project Documents amended only as shown in the marked-up drafts (if any) of the Project Documents that may be reissued by OPWP and will be required to submit their Final Submission by the Final Bid Submission Deadline. OPWP does not anticipate that any further mark-ups to Project Documents will be provided by Bidders with the Final Bid Submission.
- **Evaluation of Final Bid Submission**
 - The Final Bid Submission will include the evaluation of (i) the Financial Submission in accordance with Section 6.5.1 and (ii) Technical Submission in accordance with Section 6.5.2.
 - Financial Submissions shall be evaluated on the basis of the matters set out in this Section 6.5.1:
 - Analysis of a Qualified Bidders' Tariff proposals, taking the following into consideration:
 - Bidders' Tariff proposals are of paramount importance in the Bid evaluation and, accordingly, they will be accorded the predominant weighting. Tariffs are required to reflect the costs incurred in the generation of power and are required to be provided by Bidders as specified in Form 7 of Appendix K;
 - The tariff evaluation will include an assessment of both the costs and the benefits of Bidders' Financial Submission. The evaluation methodology will seek to identify the proposal with the lowest net cost of power capacity ("**Net Capacity Cost**" or "**NCC**") in RO as determined in:

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- where:

TP_y represents the projected tariff payments in RO for each year (y) during the Term of the PPA, and including the Early Power Period.

EVC_y the energy value credit for the Project in respect of Evaluation Year y in RO, reflecting the incremental/decremental value of energy projected to be provided by the Plant relative to a reference plant.

CVC_y the capacity value credit in respect of Evaluated Capacity above 1500 MW in Evaluation Years 2 to 16 (CVC_y in respect of Evaluation Year 1 shall be zero).

dr represents the discount rate to be used for evaluation purposes.

- The evaluation will be determined based on the Tariff proposal of the Financial Submission and the projected operating mode of the Plant as provided by the Bidder. Bidders are required to provide the projected operating mode of the Plant by specifying power output levels (along with other corresponding technical parameters) for a number of operating points representing prospective daily operating profiles provided by OPWP;
 - All costs, values and capacities will be discounted using an annual discount rate of ten per cent (10%); and
 - The evaluation will be based on an assumption for inflation at three per cent (3%) per annum, a starting gas price of US\$6.50 per MMBTU rising to US\$11.00 per MMBTU and based on a fixed exchange rate of Rial Omani decimal three eight four five (RO 0.3845) to one US\$ (the "**Reference Exchange Rate**"). The tariff evaluation methodology is set out in detail in Appendix L.
- Analysis of a Qualified Bidder's Financial Model and tariff evaluation model (Appendix N), taking the following into consideration:
 - Within the Financial Model, worksheets with the templates specified in Appendix N must be provided. The figures included in these worksheets are intended to present a summary of the calculations executed by the Financial Model;
 - The Financial Model must be supplied in hard copy and on a CD-ROM in accordance with the requirements of Section ;
 - All links and formulae within the Financial Model should be active and fully accessible. Bidders should also supply detailed operating instructions for the Financial Model, summarising the layout, structure and key functionalities;
 - Any special instructions for running the Financial Model or sensitivities should also be provided;
 - An assessment of the deliverability of the Financial Submission, taking the

following into consideration:

- Bidders will be required to submit as part of their Bids evidence of the financing commitments necessary to undertake the Project in accordance with the financial plan as set out in Form 5 of Appendix K;
- Where financial plans are based on limited or non-recourse financing, Bidders must provide a Bank Commitment Letter in the form of the letter included in Form 5 of Appendix K;
- If the financing assumes any support from Export Credit Agencies, the Export Credit Agency(ies) will also be required to provide commitment letters evidencing that they have fully reviewed the Financial Submissions and that they have approved the availability of financing and/or guarantee facilities that form part of Bidder's financing plan;
- Bids which are assessed not to have adequate financing commitments to undertake the Project may be rejected;
- Compliance with the Bid Bond in accordance with Section ;
- Assessment of the impact of the Qualified Bidders' proposal being conditional on any material outstanding issue; and
- Submission of a Letter of Commitment confirming (among the other aspects contained in such Letter of Commitment, as per Form 1 of Appendix K), that:
 - there have been no changes to the Bidder/Bidding Group since the submission of the Technical Qualification, or
 - changes have been made to the Bidder/Bidding Group (as identified in a mark up against the SoQ Submission or Technical Qualification, as applicable) and the Authority has reconfirmed in writing that the Project Company is expected to satisfy the Appropriate Person criteria; and
 - it continues to comply with all other SoQ Requirements.
- Technical Submissions shall be evaluated on the basis of the matters set out in this Section 6.5.2:
 - Other than as set out in Section 6.5.2(b), a (i) confirmation that the items listed in the Technical Qualification have not changed and that the Technical Submission meets the requirements of Section 7.14.2; or (ii) an evaluation in accordance with Section 6.4.1 of any changes to the Technical Qualification.
 - An assessment of the extent and nature of a Qualified Bidders' proposed amendments to the Project Documents and MFS (as may be amended and reissued by OPWP after the Technical Qualification Deadline), to the extent that such Qualified Bidder is seeking to condition its Bid on such marked up Project Documents;
- The Tender Board may select more than one Shortlisted Bidder for final negotiations on

the terms of their Final Bid Submission.

- **Taxes and customs duties**

- To the extent that Bids are very closely ranked, OPWP may take into account the respective impact of the proposals set out in such Bids on OPWP's position vis-à-vis Taxes and customs duties in evaluating such Bids.

- **Instructions to Bidders**

- **Introduction**

- This Section sets out the general instructions to Bidders regarding the Bid Process, including preparation and submission of Bids.

- This RFP informs Interested Parties and Bidders of the requirements for Bids, of the form and content of Bids that are invited and of the timetable and other administrative arrangements for the Bid Process. The RFP itself will not form part of any subsequent contract.

- **Language and measurement**

- All Bids and supporting documents must be in English. Where an original document is written in a language other than English, the Bidder will provide a correct English translation. In the event of any discrepancy between the English and non-English versions of the document, the English version shall prevail.
- All questions and/or requests for clarification or other comments made by Interested Parties and Bidders to OPWP or the Tender Board which relate to this RFP, the Project and/or the Bid Process must also be in English.

- **Contents of RFP and related issues**

- Bidders are solely responsible for satisfying themselves with respect to all matters which may in any way affect the Project and the cost of its execution or payments to be made to the Project Company. Failure to do so will be at the Bidder's entire risk and no relief will be given for errors or omissions by a Bidder, OPWP or the Tender Board.

- **Change of Law**

- If there is a Change of Law during the period commencing on the Final Bid Submission Deadline and ending on the Effective Date, OPWP will agree with the Successful Bidder the necessary changes (if any) which are to be incorporated into the PPA to take account of the impacts of such Change of Law. The principles set out in the PPA shall apply to this process save that a financial threshold of one hundred thousand Rial Omani (RO 100,000) shall apply.

- **Legal Form of Bidders**

- **General**

- The Bidder or, where the Bidder comprises a Bidding Group, each Bidding Group Member, shall be a business organisation, duly authorised, existing and registered

in good standing under the law of its country of incorporation and domicile.

- Consortium Bids
- Where a Bidder comprises a Bidding Group:
 - each Bidding Group Member must accept joint and several responsibility for all obligations in relation to this RFP, as specified in the Cover Letter for the SoQ (Form 12 of Appendix K);
 - the SoQ shall indicate the legal name, principal address or place of business, place of incorporation and registered number of incorporation of each Bidding Group Member;
 - each Bidding Group Member shall separately execute the Cover Letter for the SoQ (Form 12 of Appendix K), the Cover Letter for the Technical Qualification (Form 11 of Appendix K) and the Letter of Commitment (Form 1 of Appendix K) and shall provide satisfactory evidence in the SoQ as to the due authority of the person executing such letters to do so on behalf of the Bidding Group Member; and
 - one Bidding Group Member must be nominated as the Managing Member. The remaining Bidding Group Members shall each appoint the Managing Member as authorised to be responsible for all dealings with the Tender Board and OPWP up to but excluding execution of the Project Documents. Bidding Groups shall include in their SoQ satisfactory evidence as to the validity and effectiveness of this appointment.

- **Queries and Responses**

- Queries and requests for clarification in relation to this RFP may be raised. All such queries and requests for clarification in relation to this RFP and all responses to requests from OPWP, shall be in writing, addressed to the Tender Board and must be submitted by fax to:

H.E. The Chairman of the Tender Board
Tender Board P.O. Box 787
Al-Khuwair PC 133
Sultanate of Oman
Fax No. +968 2460 2077

- Queries and requests for clarification must be submitted using the form for requests for clarification set out in Appendix A. Interested Parties should state in their queries and request for clarification whether each clarification request is legal, technical or financial in nature.
- The responsibility for correct transmission of queries, requests for clarification and responses to requests from OPWP, will rest entirely with Interested Parties.
- OPWP undertakes to answer all reasonable questions on the RFP, but reserves the right not to answer any question deemed by OPWP to be unreasonable or not applicable.
- Two sets of combined question and answer documents, containing all relevant Qualified Bidders' queries and requests for clarification and OPWP's responses thereto will be issued by the Tender Board to all Qualified Bidders and will be posted by OPWP

on the Extranet. All Qualified Bidders will be notified via email that the question and answer document has been published on the Extranet.

- OPWP and its Advisers will endeavour, in good faith, to respond to queries raised by Interested Parties and Bidders. However, no response to a question or request for clarification given will have any impact on the Project or be binding, save to the extent that such response is subsequently reflected in the Project Documents.

- **Preparation of Bids**

- Information supplied in every component of a Bid must be true, complete and accurate and will be required to be so warranted in the Project Documents.
- Information required to be provided in Bids shall be provided by Bidders in sufficient detail to enable OPWP to understand, assess and evaluate each component of a Bid. OPWP is under no obligation to request additional documentation, information or clarification from Bidders and may or may not choose to do so.

- **Bid Submission**

- Bids must be submitted by hand to:

H.E. The Chairman of the Tender Board
Tender Board P.O. Box 787
Al-Khuwair PC 133
Sultanate of Oman

- Bidders must deliver one (1) original and four (4) copies of each component of their Bids to the above person at the above address on or before the applicable Bid Submission Deadlines. Any component of a Bid which is received after the applicable Bid Submission Deadline will be rejected.
- Responsibility for actual physical delivery rests entirely with Bidders.
- The original and four (4) copies of each component of a Bid must be supplied in a sealed envelope or a box in the manner specified below.
- Each of the (i) Statement of Qualifications, (ii) Technical Qualification, and (iii) Final Bid Submission must be submitted separately on or before the applicable Bid Submission Deadline in sealed envelopes or boxes and must be clearly identified as set out in the applicable tables below identifying the content of each of the envelopes or boxes.
- Documents for submitting the Statement of Qualifications:

Envelope marking (in bold letters underneath the address)
Title
Tender Number [<i>Bidders to insert relevant number to be provided by Tender Board</i>] "Sealed Tender"
<u>Statement of Qualifications</u>
Content

- Appendix K - Form 12 - Cover Letter for SoQ (including checklist of documents to be submitted with the SoQ Submission)
- Appendix K - Form 2 - Legal form and organisation of Bidder/Bidding Group
- Appendix K - Form 3 - Bidders/Bidding Group's qualification
- Appendix K - Form 4 - Financial standing of Bidder/Bidding Group
- Appendix K - Form 6 Part IV-1 - Eligibility and Qualification of EPC Contractor
- Appendix K - Form 13 - Form of Shareholder Guarantee (if applicable)
- Letter from the Authority relating to Appropriate Person criteria
- Any additional information required as set out in Section 7.6 (if not already covered in the above).

- Documents for Technical Qualification:

Envelope marking (in bold letters underneath the address)
Title
Tender Number [<i>Bidders to insert relevant number to be provided by Tender Board</i>] "Sealed Tender"
Technical Qualification
Content
<ul style="list-style-type: none"> • Appendix K - Form 11 - Cover Letter for Technical Qualification (including checklist of documents to be submitted with the Technical Qualification) • Appendix K - Form 6 (other than Part IV-1) - Performance Guarantee Data and Technical Data Schedules • Additional technical information set out in Section • Appendix K - Form 8 - Omani Content • Appendix K - Form 9 - Additional documents received by Bidders • Appendix K - Form 10 - Procurement of long lead items • Appendix K - Form 14 - Major proposed subcontractors • Mark up of Project Documents (Appendices C to H and MFS) (if applicable)

- Documents for Final Bid Submission:

Envelope A marking (in bold letters underneath the address)
Title
Tender Number [<i>Bidders to insert relevant number to be provided by Tender Board</i>] "Sealed Tender"
(Envelope A) Financial Submission
Content
<ul style="list-style-type: none"> • Appendix K - Form 1 - Letter of Commitment (including checklist of documents to be submitted with the Financial Submission) • Appendix K - Form 5 - Financial Plan & Bank Commitment Letter • Appendix K - Form 7 - Tariff Proposals • Appendix K - Form 9 - Additional documents received by Bidders • Bid Bond in accordance with the form set out in Appendix B

Envelope B marking (in bold letters underneath the address)
Title
Tender Number [<i>Bidders to insert relevant number to be provided by Tender Board</i>] "Sealed Tender"
(Envelope B) Technical Submission
Content

Part A - Clean technical forms

In Part A, the Bidder must resubmit the following forms (in clean format) which were submitted with the Technical Qualification:

- Appendix K - Form 6 (other than Part IV-1) - Performance Guarantee Data and Technical Data Schedules
- Additional technical information set out in Section
- Appendix K - Form 8 - Omani Content
- Appendix K - Form 10 - Procurement of long lead items
- Appendix K - Form 14 - Major proposed subcontractors

Part B - Mark-up of technical forms

In Part B, the Bidder must provide either:

- (A) confirmation that, other than Form 9 and 11 and as set out in Section 7.14.3(b)(ii), the Technical Qualification submitted by the Bidder is identical to Part A of its Technical Submission; or
- (B) if any of the documents in Part A have been modified from the versions submitted by the Bidder as part of its Technical Qualification:
 - (i) each document in mark-up/tracked changes format compared to the version submitted in the Technical Qualification; and
 - (ii) a separate table identifying each of (a) the original provisions, (b) changed provisions and (c) justification for the changes.

Note that the failure of a Bidder to submit the documentation in accordance with the requirements of Part B will result in the Bidder's Technical Submission being deemed to be identical to its Technical Qualification.

Part C - Mark up of Project Documents

- Mark up of Project Documents - Appendices C to H and MFS, as amended (if applicable and only if reissued by OPWP after the Technical Qualification Deadline) to the extent that a Bidder is seeking to condition its Bid on such marked up Project Documents

- The exterior of each sealed envelope or box must not reveal the identity of the Bidder. The original version of each component of the Bid shall also be marked "Original Bid".
- If a Bid contains any information displayed in colour, all copies of the Bid shall be colour copies. Each component of a Bid shall be supplied in printed format. An electronic copy on CD-ROM in software compatible with Microsoft Office 2007 shall accompany each component of a Bid. All printed and electronic copies of each component of a Bid must be identical to the original.
- The original of each component of a Bid shall include the original of all documents required to be submitted with or as part of such component of the Bid.
- **Supply of further information**
- At any time prior to the Final Bid Submission Deadline, the Tender Board may issue addenda in writing to Interested Parties by publishing such addenda on the Extranet. Interested Parties will be notified via email to the Authorised Representative that an addendum has been published on the Extranet. Any addenda may modify in any respect this RFP or any information previously supplied to Interested Parties. The Tender Board will endeavour not to issue addenda later than twenty-one (21) days prior to the Final Bid Submission Deadline. An Interested Party's late receipt of addenda or failure to acknowledge receipt of any notification email or addenda shall not relieve that Interested Party from being bound by such addenda.
- Not later than two weeks prior to each of the Technical Qualification Deadline and the Final Bid Submission Deadline, the Tender Board will issue a list of all clarification

responses and addenda published on the Extranet up to each of such dates. Bidders must download a copy of that list and include a signed copy of the list as Form 9 of Appendix K in their Technical Qualification and in their Final Bid Submission, respectively. By signing a copy of such list and including it in the Technical Qualification and Final Bid Submission, each Bidder acknowledges that it is bound by each document set out on such list.

- Only addenda issued in accordance with the foregoing procedure shall have any validity in relation to the Bid Process.
- **Ownership of Bids**
- On submission, each of the components of the Bid and all copies thereof shall become the absolute property of OPWP who, without prejudice to Section , shall be entitled to copy and/or reproduce the same and to distribute the same amongst its employees, and/or Advisers.
- **Currency of Bids**
- All monetary amounts referred to in a Bid shall be in Rial Omani, save to the extent specifically required otherwise by this RFP.
- **Validity Period**
- Bids shall remain valid and open for acceptance by OPWP for the Validity Period. Any Bid which stipulates anything different from this may be rejected or disqualified.
- In exceptional circumstances, prior to the expiry of the Validity Period, the Tender Board may request a Bidder to extend the Validity Period for a specified time. It will endeavour to do so at least twenty-one (21) days prior to the expiry of the original Validity Period.
- The request referred to in the above paragraph and responses thereto shall be made in writing. If a Bidder agrees to such a request, the Validity Period shall be extended as agreed and the arrangements in relation to the Bid shall continue, including extension of the Bid Bond, during the extended Validity Period. In such circumstances, no other change to a Bid will be made.
- If the Tender Board has not received a written response to a request for the extension of a Validity Period from a Bidder, the relevant Bidder's Bid will lapse on the expiry of the Validity Period.
- If, after agreeing to a request to extend the Validity Period, a Bidder fails to extend its Bid Bond as required no later than seven (7) days prior to the expiry of the original Bid Bond's effective period, the Tender Board will, on behalf of OPWP, be entitled to call on the full amount of the original Bid Bond and hold such amount as security in lieu of such extended or renewed Bid Bond. The Tender Board shall be entitled to call on such amounts in the same circumstances in which it would be entitled to call on a Bid Bond, as specified below.
- **Information Requirement in Bids**
- Statement of Qualifications
- The SoQ must contain the relevant items required to be submitted with the SoQ component of the Bid, as specified in this RFP and each of the items set out in the

following paragraphs:

- Cover Letter for the SoQ
- For each Bidder, and where a Bidder comprises a Bidding Group, for each Bidding Group Member, a cover letter must be included in the SoQ in the form attached as Form 12 of Appendix K. The SoQ must include satisfactory evidence as to the due authority of the persons executing such cover letters to do so on behalf of the Bidder or Bidding Group Member.
- Legal form and organisation of Bidder/Bidding Group

The SoQ must set out details of the composition of the Bidder and/or each Bidding Group Member who will be a shareholder (directly or indirectly) in the prospective Project Company. Where a Bidding Group Member is part of a wider group of companies, the SoQ must include sufficient information to enable OPWP to evaluate where in the hierarchy of that group of companies the proposed Bidding Group Member is situated.

The proposed shareholdings (directly or indirectly) in the Project Company of each Bidding Group Member must be stated.

In addition, for a Bidder and where a Bidder comprises a Bidding Group, for each Bidding Group Member, the SoQ must include the name and address of every person who has:

- a legal or beneficial interest of five percent (5%) or more of the issued share capital of that Bidder or each Bidding Group Member; or
- who has the power, in any other way, to control or materially influence the affairs of the Bidder or each Bidding Group Member.

This information must be presented as specified in Form 2 of Appendix K. The financial standing of the Bidder or, where it is a Bidding Group, each Bidding Group Member who will be a shareholder (directly or indirectly) in the Project Company will be evaluated on the basis of information supplied which relates to that Bidder or Bidding Group Member's financial standing and not as to the financial standing of such party's parent company or major shareholders unless the parent company or a major shareholder confirms in writing that it shall guarantee performance of the relevant Bidding Group Member by providing a shareholder guarantee substantially in the form of Form 13 of Appendix K. Each such Bidding Group Member will be required to execute the PFA.

- Bidder/Bidding Group qualifications

The Bidder (or, where the Bidder is a Bidding Group, each Bidding Group Member) must provide information evidencing its fulfilment of the Minimum Eligibility Requirements as specified in Form 3 of Appendix K. The SoQ must state what role each Bidding Group Member had in each of the referenced projects.

Each SoQ must contain a description of any other relevant capabilities of the Bidder (or, where the Bidder is a Bidding Group, each Bidding Group Member).

Where the Bidder is a Bidding Group, one Bidding Group Member must be

nominated as the Managing Member. The SoQ must contain satisfactory evidence as to the validity and effectiveness of this appointment.

The SoQ must provide information evidencing the Bidder's proposed EPC contractor's fulfilment of the criteria set out in Section 6.3.1(c) of this RFP (as specified in Part IV-1 of Form 6 of Appendix K).

- Financial standing of Bidder/Bidding Group

Each Bidder (or, where the Bidder is a Bidding Group, each Bidding Group Member) must supply audited accounts for the last three (3) complete years. Where a Bidder is part of a wider group of companies, accounts must be provided both for the group and the Bidder. This information must be provided as specified in Form 4 of Appendix K.

- Appropriate Person criteria

- The SoQ must contain (whether the Bidder is a single entity or a Bidding Group) a letter from the Authority confirming that, on the basis of information provided by the Bidder to the Authority, the Project Company is expected to satisfy the Appropriate Person criteria.

- Technical Qualification

- The Technical Qualification must contain the relevant items required to be submitted with the Technical Qualification component of the Bid, as specified in this RFP and each of the items set out in the following paragraphs:

- Exceptions to Project Documents

To the extent that a Bidder does not accept the Project Documents as drafted and provided in Appendices C to H (and the MFS), Bidders must provide in their Technical Qualification a mark up of the Project Documents in accordance with Section 6.4.1(b).

- Proposals for Omani Content

As is apparent from the evaluation criteria, Bidders are encouraged to use Omani resources such as personnel, materials, equipment and suppliers as far as is reasonably practicable. Each Bid must comprise a minimum of eight per cent (8%) Omani Content calculated by reference to expenditure on Omani goods and services as a percentage of total project construction costs. There is, within Oman, reasonable expertise existing in relevant areas including engineering works, pipeline construction and equipment supply. Each Bidder must indicate (as specified in Form 8 of Appendix K), the type of Omani Content it proposes to utilise, which items of equipment and works are to be of Omani origin and an estimate of the amount in Rial Omani of the aggregate cost attributable to such local resources, products and/or manufactured items.

- Performance guarantee data and technical data schedules

The Technical Qualification must set out the Bidder's proposals for the design and construction of the Plant including the technology to be deployed (which technology must meet the requirements set out at Section 6.4.1(a)). This information must be provided as specified in Form 6 of Appendix K.

In addition (and to the extent not included in the data provided in Form 6 of Appendix K), each Bid must provide:

- Description of main features of the proposed Plant such as:
 - general description and main features of the Plant and use of the Site including laydown areas;
 - detailed time schedule;
 - construction approach, phases of construction, commissioning and operation of plants constructed at the various phases;
 - operational philosophy of gas fired generation units and steam generation units (start-up, shutdown, on load performance and Plant reliability);
 - maintenance philosophy, maintenance schedule activities including major plant overhauls; and
 - details of operation, maintenance and training.
- Standards, codes and regulations: Listing of major standards, codes and regulations (international, supplier's own country) which will be applied for the design and construction of plant equipment and facilities, for civil works and for testing of Plant equipment;
- Main equipment and systems including auxiliary systems, such as:
 - gas turbine generator units, heat recovery steam generators (HRSGs), steam turbine generator plant, etc.;
 - electrical equipment and systems, such as: generators, generator protection, electrical power system philosophy, main electrical equipment including GIS switchgear, transformers, Medium Voltage switchgear, auxiliary systems, etc.;
 - instrumentation and control (I&C) systems, such as: general control system philosophy, description of Distributed Control System (DCS), control of common plant and auxiliary systems, Continuous Environmental Emission Monitoring System (CEMS) etc.;
 - emission control measures; and
 - civil works, including site development, buildings, seawater piping and discharge water systems.
- Project drawings and diagrams, such as:
 - Plant location map with areas temporarily used during construction;
 - Site plan, general lay-out and arrangement drawings for onsite and offsite facilities, indication of fenced areas;
 - equipment configuration in the area of the Plant, generation units,

Seawater Intake/Outfall Facilities, seawater pumping station, central control room, water treatment plant, etc;

- P&I diagrams for main systems;
- single line diagrams for:
 - Plant main electrical systems;
 - Plant electrical auxiliary systems;
- protection diagrams;
- system architecture drawing of DCS;
- layout drawing of Central Control Room (CCR);
- heat balance diagrams for the Plant for various operating points as per Form 6 of Appendix K;
- correction curves for part loads and deviating ambient conditions;
- start-up and loading diagrams (from cold, warm, hot condition) of units and total Plant;
- manufacturer's degradation curves for gas turbines/engines (separate for natural gas and fuel oil);
- manufacturer's degradation curves for combined cycle plant (separate for natural gas and fuel oil);
- manufacturer recommended criteria for Equivalent Operating Hours ("EOH") for gas turbines;
- generator performance chart; and
- fuel changeover data.
- Studies including calculations, such as:
 - fuel changeover under the conditions specified in clause 4.17(ii) of the Minimum Functional Specification including the quantity of fuels required and the duration;
 - write-up including P&I diagrams indicating the specific measures and equipment to be provided in the Plant to achieve the same.
- Environmental Aspects and Data
 - guaranteed air pollution emission rates and type of emission control and monitoring measures;
 - nature and estimated quantities of waste water, cooling water, waste water treatment and disposal methods; and

- ambient noise levels.
- Contractor Services
 - Bidders shall submit a schedule in accordance with Form 14 of Appendix K, detailing all major proposed subcontractors, defining the type of work or service to be subcontracted and the country of origin.

- Procurement of long lead items

Each Bidder shall provide a list of the items it considers as long lead items to be procured under the limited notice to proceed milestone (Procurement Milestone) as specified in the PPA. This information should be provided in accordance with Form 10 of Appendix K.

- Additional documents received by Bidders

OPWP reserves the right to make amendments to this RFP and any of the information it contains. Interested Parties will be notified in writing of any such amendments by way of addenda issued by the Tender Board and posted on the Extranet. Additional information will be made available to Bidders by way of circulars also issued by the Tender Board and posted on the Extranet.

Bidders must provide a completed Form 9 of Appendix K with their Technical Qualification as described in Section in order to confirm that they have received the addenda, additional documents and information that is published on the Extranet.

- Final Bid Submission

The Final Bid Submission must contain the relevant items required to be submitted with (i) the Financial Submission component of the Bid and (ii) the Technical Submission component of the Bid, as specified in this RFP and each of the items set out in the following paragraphs:

- Financial Submission:

- Letter of Commitment

Each Bidder (or where the Bidder is a Bidding Group, each Bidding Group Member) must provide a Letter of Commitment in accordance with Form 1 of Appendix K.

- Financing plan

Each Bidder (or where the Bidder is a Bidding Group, each Bidding Group Member) must provide a detailed financing plan in support of its Bid. This information must be provided as specified in Form 5 of Appendix K. Bidders will be required to submit as part of their Bids evidence of the financing commitments necessary to undertake the Project. Where financing plans are based on limited or non-recourse financing Bidders must provide a Bank Commitment Letter in the form of the letter included in Form 5 of Appendix K. If the financing assumes any support from Export Credit Agencies, the Export Credit Agency(ies) will also be required to provide commitment letters evidencing that they have fully reviewed the Bidder's Financial

Submission and that they have approved the availability of financing and/or guarantee facilities that form part of the Bidder's financing plan.

Bidders are advised that only those Bids able to demonstrate clear and deliverable financing for the Project will be considered. Bidders should further note that OPWP has no objection, in principle, to a bank supporting more than one Bidder or Bidding Group.

- Tariff proposals

Bidders' tariff proposals & Net Capacity Cost must be based upon the Project Documents and presented as specified in Form 7 of Appendix K.

Bidders must provide charge rates together with the Guaranteed Contracted Power Capacity and Contracted Heat Rate applicable during any Early Power Period and for each Contract Year.

The Successful Bidder will also be required to provide a Plant Model, consistent with all points of the Contracted Heat Rate Correction Factors contained in its Bid, within twelve (12) months of signature of the PPA.

- Additional documents received by Bidders

OPWP reserves the right to make amendments to this RFP and any of the information it contains. Interested Parties will be notified in writing of any such amendments by way of addenda issued by the Tender Board and posted on the Extranet. Additional information will be made available to Bidders by way of circulars also issued by the Tender Board and posted on the Extranet.

Bidders must provide a completed Form 9 of Appendix K with their Financial Submission as described in Section in order to confirm that they have received the addenda, additional documents and information that is published on the Extranet.

- Bid Bond

The Bid Bond must be provided with the Financial Submission as described in Section 7.15.

- Changes to Bidders/Bidding Group

After the Final Bid Submission Deadline, the composition or make-up of any Bidding Group can only be changed with the prior written consent of OPWP. OPWP reserves the right to determine whether or not to continue with the evaluation of a Bid and whether or not to enter into the Project Documents with a Bidder where there has been a change in composition or ownership of that Bidder (whether direct or indirect) or a change in the principal relationships between the Bidding Group Members of a Bidding Group. Notwithstanding the foregoing, the Tender Board may, on behalf of OPWP, draw on and retain the Bid Bond if there is any change in the composition or make-up of any Bidding Group after the Final Bid Submission Deadline such that the Minimum Eligibility Requirements are no

longer satisfied. OPWP reserves the right to determine whether or not to continue with the evaluation of a Bid where there has been a change in the composition or make-up of any Bidding Group after the Final Bid Submission Deadline if, as a result, the "Appropriate Person" criteria of the Authority would no longer continue to be satisfied.

- **Technical Submission:**

- **Continued Compliance with Technical Qualification**

Part A of the Technical Submission must contain (in clean format) the information set out in Section 7.14.2(b) to (d) of this RFP.

Part B of the Technical Submission must contain either:

- (A) a confirmation that, other than Form 9 and Form 11 and as set out in Section 7.14.3(b)(ii), the Technical Qualification submitted by the Bidder is identical to Part A of its Technical Submission; or
- (B) if any of the documents submitted in Part A of the Technical Submission have been modified from the versions submitted by the Bidder as part of its Technical Qualification,
 - (i) each document in mark-up/tracked changes format compared to the version submitted in the Technical Qualification; and
 - (ii) a separate table identifying each of (a) the original provisions, (b) changed provisions and (c) justification for the changes.

Failure of a Bidder to submit the documentation in accordance with the requirements of Part B will result in the Bidder's Technical Submission being deemed to be identical to its Technical Qualification.

- **Revised Exceptions to Project Documents**

- If Project Documents are reissued by OPWP after the Technical Qualification Deadline then, to the extent that a Bidder does not accept the Project Documents as reissued by OPWP after the Technical Qualification Deadline, each Bidder must provide in their Technical Submission a mark up of the Project Documents and MFS in accordance with Section (b) if the Bidder seeks to condition its Bid on such marked up documents.

- **Bid Bond**

- Each Bidder shall provide a Bid Bond as part of its Financial Submission for an amount equal to ten million Rial Omani (RO 10,000,000) in respect of the Project.
- The Bid Bond shall be:
 - an unconditional and irrevocable letter of credit issued by a bank which is

acceptable to OPWP;

- issued by a bank which is licensed to conduct banking business in Oman and which is located in Oman;
- in the form set out at Appendix B; and
- be valid for the Validity Period and shall be extended as required by this RFP.

- Release of Bid Bond

Subject to Section , the Bid Bond of those Bidders who are not shortlisted will be returned within thirty (30) days after the date upon which Shortlisted Bidders are identified.

The Bid Bond of Shortlisted Bidders will be retained until the due execution of the Project Documents. The Bid Bond of unsuccessful Shortlisted Bidders will be returned within thirty (30) days after the date upon which the Project Documents are signed.

- The Bid Bond of the Successful Bidder will be returned to it when it provides the Performance Bond in accordance with the requirements of the PPA.
- The Tender Board may draw on and retain a Bidder's Bid Bond, without notice or legal process, in the following circumstances:
 - the Bidder withdraws its Bid during the Validity Period; or
 - the Bidder changes its composition or make-up (whether direct or indirect) or changes the principal relationships between the Bidding Group Members of a Bidding Group such that the Minimum Eligibility Requirements are no longer satisfied; or
 - the Successful Bidder:
 - fails to establish the Project Company on or before the date established for such purpose in accordance with this RFP, except where such failure arises from reasons which are solely attributable to OPWP; or
 - fails to sign the Project Founders' Agreement; or
 - fails to procure the signature by the Project Company of the PPA, the Natural Gas Sales Agreement, the Usufruct Agreement for the Site or the Usufruct Agreement for the Temporary Areas on the date established for such purpose in accordance with this RFP, except where such failure arises from reasons which are solely attributable to OPWP; or
 - fails to extend the Bid Bond as required by this RFP; or
 - fails to provide the Performance Bond upon execution of the PPA; or
 - is in breach of any Law directly related to this Bid Process, save any Law in respect of which the Bidder has been granted an express approval by the applicable Competent Authority excusing it from

compliance with the same.

- **Withdrawal of Bid**

- No Bid may be withdrawn after the Final Bid Submission Deadline. Attempted withdrawal shall entitle the Tender Board to call on and retain the Bid Bond on behalf of OPWP.

- **Annulment of Bid Process**

- This Bid Process will be annulled in the event that all the Bids that are received are rejected or the interests of OPWP so require.

- **Disputes**

- All Interested Parties and/or each Bidder and/or each Bidding Group Member participating in the Bid Process waive the right to bring proceedings in any forum outside of Oman in relation to this Bid Process. This Bid Process shall be governed by the Law and the courts of Oman shall have exclusive jurisdiction in relation to it.

- **Bid opening**

- The Tender Board will open each component of a Bid (i.e. SoQ Submission, Technical Qualification, and Final Bid Submission) in open session around 11 a.m. (Muscat time) on the day each Bid Submission Deadline occurs, and will name the Bidding Parties at such time and post such information on the Tender Board notice board which is located at the address referred to at Section 7.9.1.
- The Tender Board will examine each component of a Bid to determine whether it is substantially complete, has been signed, that all information furnished is in accordance with Section 7.9.5 and that such Bid appears to be generally in compliance with this RFP.

- **Bid rejection**

- The Tender Board shall be entitled to accept or reject any Bid, to waive any failure to comply with the Bid Requirements or to annul the Bid Process at any time before execution of the Project Documents. The Tender Board shall not be obliged to give reasons for doing so. If the Tender Board gives reasons for any of the above, none of the Tender Board, OPWP, any other part of the Government or the Advisers shall have any liability whatsoever in relation thereto or towards any Bidder or Interested Party in relation to the Bid Process.

- **Anti-corruption**

- The attention of Bidders is drawn to Sultani Decree 39/82 with which they must comply. In particular, this provides that:

“Any effort by the [Bidder] to influence the [Government] in the process of examination, clarification, evaluation and comparison of [Bids], and in decisions concerning the award of the contract, may result in the rejection of the [Bidder’s Bid].”

- **Bid clarification**

- OPWP may ask Bidders to clarify their Bids or to provide additional information in relation thereto. This is intended to take place on the dates indicated in the Bid Process

Timetable in Section 3.1.1.

- Bidders must supply (at their own cost) the further information or clarification requested by OPWP in accordance with the process detailed in Section 7.7. Failure to do so may result in the rejection or disqualification of their Bid. Clarifications should be provided within seven (7) days after the date of request or such longer period as OPWP may determine or agree. The latest dates for Bidders to submit the final responses to any requests to clarify their Bids shall be in accordance with the dates indicated in the Bid Process Timetable in Section 3.1.1.
- **Qualifying and Shortlisting Bidders**
- OPWP wishes promptly to proceed with the Bid Process. It expects to select Qualified Bidders and subsequently Shortlisted Bidders around the dates indicated in the Bid Process Timetable in Section 3.1.1.
- **Bidders' commitment**
- The submission of a Bid shall constitute a confirmation on the part of the Bidder that it accepts the terms of this RFP and that it agrees to be bound by them.
- **Bidding costs**
- Costs incurred by Interested Parties and Bidders in relation to the Bid Process and/or Bids will not, under any circumstances, be borne by OPWP.
- **Organisation of Bid Process**
- The Bid Process has been organised pursuant to the Sector Law and Laws and regulations relating to the Tender Board. Bidders are responsible for ensuring that their Bids comply with the requirements of all such Laws.
- **Execution of Project Documents**
- The Successful Bidder will procure:
 - the establishment of the Project Company;
 - the execution by the Project Company of the Project Documents;
 - the provision of the Performance Bond; and
 - the execution by each Bidding Group Member of the Project Founders' Agreement.
- **Confidentiality**
- All information provided in this RFP must remain confidential. Bidders are reminded of their confidentiality obligations in relation to this RFP, the Extranet and all information provided subsequently in relation to this RFP whether by means of the Extranet or otherwise. OPWP may disclose all information received from Bidders to the Authority. The Authority, OPWP and its Advisers will treat all information received from Bidders as part of the Bid Process on a confidential basis, except that questions raised by Interested Parties during the Bid Preparation Period will be dealt with as specified in this Section and OPWP reserves the right to disclose

summary information (including tariffs) concerning Bids received.

- **Tariff adjustments for interest rate changes**

- In order to mitigate interest rate risk for Bidders from the Final Bid Submission Deadline to the date falling on the earlier of (i) 270 days after execution of the Project Documents; and (ii) the date on which the Project Company executes its financing documentation with lenders to borrow money necessary to finance the performance of its obligations under the Project Documents (the “**Rate Fixing Date**”), an adjustment formula has been designed to adjust the capacity charge elements of the tariff set out in the PPA to reflect material changes in interest rates occurring during that period. The following set of circumstances in relation to the adjustment should be noted:
 - in order for the adjustment to apply, the change in interest rates between the Final Bid Submission Deadline and the Rate Fixing Date must be in excess of twenty-five (25) basis points;
 - the adjustment is applied to the Power Capacity Investment Charge Rate;
 - the adjustment operates both to increase the Power Capacity Charge if interest rates increase by more than 25 basis points and to decrease the Power Capacity Charge if interest rates decrease by more than 25 basis points (and will be applied in respect of the amount of such increase or decrease beyond this threshold amount);
 - the reference interest rates used in calculating the adjustment must, at the Final Bid Submission Deadline and the Rate Fixing Date, correspond to an average calculated over the preceding ten (10) days on which the reference interest rates were published in order to avoid the impact of any abnormal market behaviour occurring on a single day.
- The interest rate adjustment will be calculated in accordance with the following in order to derive a factor (“**a**”) that will be applied to the Power Capacity Investment Charge Rate specified above:

$$a = \text{constant factor} \times \text{delta}$$

where:

a = represents the variation percentage, expressed as a decimal number, applied to the Successful Bidder’s Power Capacity Investment Charge Rate;

delta = $(IR_{rfd} - IR_{bsd}) - 0.25$ if $IR_{rfd} > IR_{bsd}$; and
 $(IR_{rfd} - IR_{bsd}) + 0.25$ if $IR_{bsd} > IR_{rfd}$;

IR_{rfd} = is the average of the ten (10) year US\$ mid interest rate swaps as published at Reuters’ page coded ISDAFIX1 calculated as the average at 11.00 hours (New York time) for the ten (10) days for which such information was published preceding the date falling five Omani Business Days prior to the Rate Fixing Date, n expressed as a decimal number;

IR_{bsd} = is the average of the ten (10) year US\$ mid interest rate swaps as published at Reuters' page coded ISDAFIX1 calculated as the average at 11.00 hours (New York time) for the ten (10) days for which such information was published preceding the day falling one (1) week before the Final Bid Submission Deadline expressed as a decimal number; and

constant factor = 6.4 being the constant to factor the level of interest rates and the gearing of the Project.

Five (5) Omani Business Days prior to the Rate Fixing Date, the above formula would be applied to the Power Capacity Investment Charge Rate identified above as follows:

$PCICR_{adj}$ = $PCICR \times (1+a)$

where:

$PCICR_{adj}$ = adjusted Power Capacity Investment Charge Rate; and

$PCICR$ = the Power Capacity Investment Charge Rate as provided in the Successful Bidder's Bid for the Early Power Period, if applicable, and each Contract Year, y .

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- **Electricity and related water sector in Oman**
- **Introduction**
- This Section 8 sets out:
 - a brief description of the electricity and related water system in Oman and the key facilities within that system;
 - a summary of the sector structure following the implementation of the Sector Law and other recent legislation; and
 - an overview of the regulatory framework and each of the key entities within that framework.
- **Current system structure**
- At present, the power system in Oman can be viewed as two discrete networks:
 - The central system (including the electricity production facilities at Ghubrah, Rusail, Manah, Wadi Al-Jizzi, Barka Phase I, Al Kamil, Sohar and Barka Phase II); and
 - The Salalah Power System. The Salalah Power System comprises a separate network and is located in Dhofar Governorate. It is not connected to the main interconnected system. The town of Salalah and its surrounding areas represent the major load centre in the region. Responsibility for ownership, operation and maintenance of the Salalah Power System has been

transferred to the private sector as a vertically integrated concession.

- There are also a number of isolated rural networks.
- **Structure of the electricity and related water sector**
- In December 1999, the Council of Ministers approved the introduction of Government policy designed to facilitate the wholesale restructuring of, and further private sector participation in, the electricity and related water sector in Oman. As part of this policy, the Government tendered the Al Kamil, Barka and Sohar projects and awarded them to private sector participants. In addition to encouraging private sector participation in electricity generation projects, the Government began the process of preparing a new law to facilitate the restructuring and regulation of the electricity and related water sector in Oman.
- As a result, a new law for the sector, the Sector Law, came into force on 1 August 2004. The Sector Law provides the framework for the industry structure for electricity and related water in Oman. The Project will be undertaken within this framework.
- Prior to May 2005, all generation, transmission and distribution assets were owned and maintained by MHEW, other than the generation and desalination assets of the incumbent independent power (and water) producers and the privatised activities of Dhofar Power Company in the Salalah area.
- The Sector Law provides the framework for the transfer of relevant assets and liabilities of the Ministry then known as MHEW to a number of successor companies. This transfer was effected on 1 May 2005 pursuant to a transfer scheme transferring the relevant assets and liabilities.
- In accordance with the transfer scheme, generation assets were transferred to Al-Rusail Co and Wadi Al-Jizzi Power Company SAOC. Generation and desalination assets were transferred to Al Ghubrah Power and Desalination Company SAOC. The transmission assets were transferred to OETC. Distribution and supply assets were transferred to Majan Electricity Company S.A.O.C, Mazoon Electricity Company S.A.O.C and Muscat Electricity Distribution Company SAOC. Certain generation, distribution and supply assets have been transferred to Rural Areas Electricity Company SAOC. In addition, a single procurement company, OPWP, has been established as well as a holding company, EHC.
- The Al-Rusail Co was privatised in 2006. It is the Government's intention, in the future, to privatise certain of the other successor companies in the electricity and related water sector, although the Sector Law requires that OPWP must remain wholly-owned by the Government.
- Royal Decree 92/2007 established PAEW on 10 September 2007. It also transferred to PAEW all of MHEW's functions, assets and other things in relation to the electricity and related water sector (and other water-related functions). However, other than making this transfer, Royal Decree 92/2007 has not otherwise made any material changes to the structure and regulation of the electricity and related water sector described in this Section 8.3. Specifically, the Authority's role is unchanged.
- Royal Decrees 92/2007 and 58/2009 prescribe PAEW's system and the management of its affairs. Royal Decree 59/2009 amends certain provisions of the Sector Law to give effect to the matters described above regarding PAEW's electricity and related water sector responsibilities.
- Royal Decree 93/2007 changed the name of MHEW to MOH on 10 September 2007 and

retains MOH's responsibility for housing functions.

- **The regulatory framework**

- Following the implementation of the Sector Law, each of the functions of electricity generation, transmission, distribution and supply is subject to regulation. A "single buyer" market structure has been adopted (with OPWP as the central buyer) and a system of non-discriminatory access to licensed transmission and distribution systems has been established.
- The Authority for Electricity Regulation, Oman, is established pursuant to Article (19) of the Sector Law and is competent to regulate the electricity and related water sector pursuant to Article (2) of the Sector Law. The Authority is an administratively and financially independent entity. The Authority's powers and duties are summarised in Section .
- The Sector Law designates certain activities as "Regulated Activities". These include:
 - the generation, transmission and distribution of electricity;
 - the generation of electricity combined or co-located with the desalination of water; and
 - the functions assigned to OPWP.
- Any person undertaking or seeking to undertake a Regulated Activity requires an authorisation from the Authority. Authorisations can take the form of a licence or a licence exemption. Any person undertaking a Regulated Activity is required to comply with the conditions of its licence or licence exemption.
- The functions and scope of Regulated Activities undertaken by the entities and the duties in relation to such Regulated Activities, are described in detail in various sections of the Sector Law.
- **Regulatory requirements impacting on the Project.**
- Bidders are advised that the following Sector Law and regulatory requirements are particularly relevant to the Project:
 - the Successful Bidder will require a generation licence for the Project. The Sector Law requires the grant of a licence to be on the basis of a written application submitted to the Authority. Licence application forms are available from the Authority on request. They are also available on the internet;
 - the Authority is required to ensure that licences are granted to the Appropriate Person. The Authority has published the Appropriate Person criteria (in accordance with Article (22), paragraph 18 of the Sector Law) and will provide copies of the criteria and clarification in relation thereto on request. Information has been provided from the Authority for guidance purposes in Form 4 of Appendix K; and
 - the approval of the Authority is required for the Project Company to create or agree to create security over its assets or liabilities and to create, agree to create, relinquish or agree to relinquish its interests used in relation to its

licensed activities.

- In relation to connection issues, the Plant will connect to the system operated by OETC. The Project Company will be required to comply with the Grid Code. The Grid Code requires compliance with applicable Oman Electrical Standards.
- Bidders are advised to review the Grid Code and Oman Electrical Standards.
- The attention of Bidders is also drawn to certain restrictions that will be contained in a generation licence as set out below.
- Market share restrictions:
 - Each generation licence applies a market share restriction whereby the licensee cannot, and must procure that any of its affiliates does not, without the consent in writing of the Authority, hold any economic interest, whether by the ownership of shares or otherwise, in entities which, on their own account or in combination with others, provide more in aggregate than twenty-five per cent (25%) of the production capacity of production facilities which generate electricity and deliver it into the system to which the licensed production facilities are connected.
 - The Authority, in determining whether the market share thresholds have or would be breached, is entitled to take account of both production facilities outside Oman from which power is available for import and any economic interest in those production facilities held by the licensee or any affiliate of the licensee.
- Regulated activity/economic interest restrictions:
 - An economic interest restriction is applied under the Sector Law whereby, unless otherwise provided for in the Sector Law or with the prior written approval of the Authority, no licensee shall be entitled to undertake more than one (1) regulated activity nor to hold any direct or indirect economic interest in any other licensee. The exceptions to this restriction are provided for in Article 110(d) of the Sector Law.
 - Bidders should note that the Authority can relax the above restrictions if it considers it in the public interest to do so and provided such revised restrictions are consistent with its statutory obligations.
- Bidders are invited to note that Article 106 of the Sector Law requires licensees to secure the prior written approval of the Authority to create or agree to create any security or interest over any of the project assets, liabilities or interests.
- Further market liberalisation:
 - Bidders should also note the market liberalisation provisions of the Sector Law that provide for further changes to the structure of the electricity and related water sector in Oman based on recommendations of the Authority and subject to the approval of the Council of Ministers. Market liberalisation can include one or more of the following:
 - the disposal by the Government of any economic interest in EHC;
 - the sale of output by licensed generators and licensed generator/desalinators to a person other than OPWP;
 - the import or export of electricity by a person other than OPWP or Rural Areas

Electricity Company SAOC; and

- competition amongst licensed suppliers.
- Fair and transparent competition:
 - The Authority has a duty, pursuant to the Sector Law, to secure the conduct of fair and transparent competition by OPWP when procuring new capacity and output. OPWP's licence requires it to conduct such a fair and transparent competition. OPWP is required to ensure that the competition is open to international and domestic investors. In performing the licensed activities, OPWP cannot create any undue preference in favour of, nor unduly discriminate against, any person.
 - The Authority has advised that it is committed to ensuring that competitions for new capacity and output are conducted in a fair and transparent manner and that any Bidder with concerns about the manner in which the competition for the Project is being conducted may notify the Authority of such concerns.
- **Regulatory documentation**
 - The Sector Law is available from the Authority. The Appropriate Person criteria, licence application form and copies of all licences granted by the Authority to date, the Grid Code and Oman Electrical Standards are available from the Authority and can be downloaded from the "Public Register" page of the Authority's website <http://www.aer-oman.org>.
- **Functions, powers and duties of the Authority**
 - The Authority comprises three (3) members appointed by the Council of Ministers. The members of the Authority include two (2) non-executive members and a full-time Executive Director.
 - The principal functions of the Authority are set out in the Sector Law and include:
 - further sector development – implementing the general policy of Oman in relation to the electricity and related water sector in Oman;
 - administration of the licensing regime – the issue, modification (where appropriate) and revocation of licences and licence exemptions;
 - monitoring and investigation – the Authority monitors the implementation of the terms and rules of licences by licence holders;
 - enforcement of obligations – the Authority examines complaints submitted to customers and licence holders, enforces statutory duties and licence conditions and has powers to order compliance and to levy fines;
 - developing technical criteria – setting out standard technical criteria to be complied with in relation to connection and use of system standards and the maintenance and development of licencees' systems;
 - settlement of certain industry disputes – between licence or exemption holders, customers or others; and
 - co-ordination - between relevant ministries and Government units in all that is

required for the development of the sector.

- The Authority has the following principal powers (among others set out in the Sector Law) to enable it to perform its functions:
 - power to grant licences and exemptions and set the terms and conditions on which they are issued;
 - licence modification powers (when the public interest so requires and subject to the procedure specified in Article (109) of the Sector Law);
 - investigative powers and powers to require provision of information;
 - enforcement powers to make orders to licensees or exemption holders requiring them to comply with their statutory obligations and to impose warnings, fines, compensation and revocation of licences and exemptions; and
 - powers to issue regulations and decisions authorised by the Sector Law.
- In exercising these powers and performing its functions, the Authority has a number of general and specific duties, largely reflecting key Government objectives in relation to the electricity and related water sector in Oman. The Authority's duties are set out in the Sector Law and include:
 - securing the provision of electricity and related water services in all parts of Oman;
 - securing and developing the safe, effective and economic operation of the electricity and related water sector in Oman in the public interest;
 - protection of the interests of customers, in particular those with limited income, the elderly and sick;
 - securing compliance with Government policy as to Omanisation and Omani Content;
 - protection of the environment;
 - securing the conduct of fair and transparent competitions for new capacity by OPWP;
 - facilitating the privatisation of the electricity and related water sector in Oman; and
 - undertaking not to discriminate unduly without legal justification between persons and to act consistently in like cases.
- The Authority is capable of being challenged, on the grounds of illegality, in relation to any of its actions or decisions made pursuant to the Sector Law. Certain appeals will be required to be heard in the competent Omani court. In general, however, if the value of an appeal exceeds a specified threshold (based on a percentage of turnover), a challenger may elect either to appeal to the competent Omani court or to refer the appeal to arbitration in Muscat, generally in accordance with the Rules of Arbitration of the International Chamber of Commerce.

- **Regulated activities**
- Each of the principal functions in the electricity and related water sector (comprising generation, generation and desalination, power and water procurement, transmission, dispatch, distribution and supply) is subject to separate regulation. The Sector Law makes it a criminal offence to perform any of these activities without a licence (or an exemption).
- The key instrument of regulation is licences granted by the Authority. The governing language of all licences is English. The Sector Law sets out items that must be addressed by the terms of each different type of licence. The Authority is responsible for determining the form of licences granted in respect of Regulated Activities and for determining licence application procedures. The Authority has the right to stipulate conditions to be included in licences but must also ensure that each licence contains the mandatory conditions set out in Article (110) of the Sector Law relating to:
 - the duty of the licensee to comply with Government policy in respect of Omanisation and the protection of the environment;
 - the duties of licensees specified in the Sector Law and the manner in which they must be performed;
 - a prohibition on (a) the transfer of any licence by a licensee and (b) the creation of any security over assets or liabilities, in each case without obtaining the prior written approval of the Authority;
 - a prohibition on the licensee or any affiliates (other than the Government and any entity wholly-owned by the Government) owning shares or having any economic interest of any kind in any other licensee or any of its affiliates, in each case without obtaining the prior written approval of the Authority; and
 - the obligation of the licensee to exchange information with other licensees and to comply with Authority requests to submit information and documents in its possession or under its control in the manner and at the times specified by the Authority.
- The Authority may include such licence conditions as it considers necessary for the regulation of the Regulated Activity. The monitoring and enforcement of licence conditions are the principal means by which the Authority regulates the performance and conduct of licensees, including with regard to:
 - standards to ensure security of supply and efficient operation;
 - standards of customer service;
 - the implementation of a Grid Code providing technical rules for transmission system planning, connection and use and arrangements for “merit order” economic and technical-based dispatch of generation and generation and desalination plants;
 - the implementation of a Distribution Code providing technical rules for distribution system planning, connection and use;
 - arrangements for charging permitted tariffs for connection and supply and,

where no permitted tariff is provided for, a cost reflective tariff;

- terms and conditions of customer supply contracts and codes of practice;
 - technical and safety rules for the industry as a whole;
 - a requirement to comply with environmental obligations;
 - compliance with Omanisation and Omani Content obligations;
 - the “Economic Purchase” obligation (as defined in the Sector Law) in relation to activities carried on by licensed entities; and
 - a range of other regulatory policies reflecting the Authority’s duties.
- Regulation of OPWP’s licensed activities is described in more detail in the following paragraphs.
 - **OPWP**
 - Unless the Authority resolves otherwise, OPWP has an exclusive right to purchase all electricity and related water capacity and output in Oman. OPWP is a commercial company and the Sector Law stipulates that OPWP will remain wholly-owned by EHC and MOF. OPWP is regulated and licensed by the Authority. This detail is covered by the OPWP licence which sets out OPWP’s licensed powers and functions.
 - Under the Sector Law, OPWP is obliged to secure production capacity and output to meet all reasonable demands for electricity. OPWP is required to carry out long-term electricity demand forecasting and capacity planning. Under the terms of its license OPWP must prepare and publish a 7 Year Statement on the demands for electricity and desalinated water and the power generation and desalination resources required to meet those demands on the two main systems covering the main interconnected system and the Salalah system in Oman. The latest 7 Year Statement covering the period from 2009 to 2015 is available on OPWP’s website. OPWP is also responsible for securing, in certain instances, the production of desalinated water as well as the procurement of ancillary services. Accordingly, the procurement of the Project (which is consistent with Government policy for the sector) is the responsibility of OPWP. OPWP will be the off-taker under the PPA.
 - OPWP’s licence requires it to conduct fair and transparent competition when tendering for new capacity and output. Competition must be open to international and domestic investors. OPWP cannot create any undue preference in favour of, nor unduly discriminate against, any person.