

OMAN ELECTRICITY MARKET RULES

APPROVED METHODOLOGY

MONTHLY SCARCITY CREDIT CAP METHODOLOGY

VERSION 4.0

EFFECTIVE DATE: 30/12/2021

1. INTRODUCTION

1.1 Scope, Purpose and Effectiveness of the Approved Methodology

Section M.5.4.4 of the Oman Electricity Market Rules (the Market Rules) requires the Market Operator to prepare, as an Approved Methodology, a methodology for determining Monthly Scarcity Credit Cap:

The Approved Methodology is termed the Monthly Scarcity Credit Cap Methodology.

This document is the Monthly Scarcity Credit Cap Methodology prepared by the Market Operator in accordance with Section M.5.4.4 of the Market Rules and approved by the Authority on 9/5/2021.

This Approved Methodology is effective on and from **30/12/2021**.

1.2 Market Rules Provision

Interested parties should read this statement in conjunction with the Market Rules and in particular Section M. This Approved Methodology has been produced in accordance with the provisions of the Market Rules. In the event of an inconsistency between the provisions of this Statement and the Market Rules, the provisions of the Market Rules shall prevail.

1.3 Review Procedure

The Market Operator may review this Approved Methodology from time to time and make changes, subject to the Authority's approval in accordance with Market Rules C.7.3.

1.4 Definitions and interpretation

Save as expressly defined, words and expressions defined in the Market Rules shall have the same meanings when used in this Approved Methodology. The rules of interpretation set out in Section B.3 of the Market Rules shall apply in the interpretation of this Approved Methodology.

References to particular sections relate internally to this Approved Methodology unless specifically noted. References to Market Rules sections are to the relevant sections of the Market Rules.

1.5 Compliance with Approved Methodology

Compliance with this Approved Methodology is required under the terms as set out in the Market Rules. This Approved Methodology does not create any additional rights or obligations.

2. MONTHLY SCARCITY CREDIT CAP

2.1 Introduction

The Market Operator shall apply the approach outlined below to determine a value of Monthly Scarcity Credit Cap ($MSCC_m$) (expressed in Omani Rials (OMR)) for each Month m .

2.2 Approach

2.2.1 Monthly Scarcity Credit Cap

For Year y , the Annual Scarcity Credit Cap ($ASCC_y$) in respect of Year y shall be the amount most recently determined by the Authority in accordance with Market Rules Section M.5.4.2. Based on this value of Annual Scarcity Credit Cap in respect of Year y , the Market Operator shall determine the Monthly Scarcity Credit Cap ($MSCC_m$) for each Month m in Year y as follows:

$$MSCC_m = ASCC_y \times \frac{\max_{h \text{ in } m} FD_h - \min_{h \text{ in } y} FD_h}{\sum_{m \text{ in } y} \left(\max_{h \text{ in } m} FD_h - \min_{h \text{ in } y} FD_h \right)}$$

Where:

1. $ASCC_y$ is the Annual Scarcity Credit Cap for Year y
2. FD_h is Forecast Demand for Trading Period h in Year y

2.2.2 Updated Annual Scarcity Credit Cap

If the Authority determines an updated Annual Scarcity Credit Cap ($ASCC_y$) in respect of Year y during that year in accordance with Market Rules Section M.5.4.2, then the Market Operator shall:

1. Calculate updated values of Monthly Scarcity Credit Cap ($MSCC_m$) for each Month m in Year y in accordance with the formula in Section 2.2.1 using the updated Annual Scarcity Credit Cap;
2. However, only apply the updated Monthly Scarcity Credit Cap values for those months that occur after the end of the month when the updated Annual Scarcity Credit Cap was determined by the Authority.
3. Monthly Scarcity Credit Cap values for months up to and including the month when the updated Annual Scarcity Credit Cap was determined by the Authority shall remain at their prior values.