Oman residential solar



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The Oman Electricity Transmission Company SAOC (OETC) is the ...

The Middle Eastern country is planning to support the installation of rooftop PV systems ranging in size from 2 kW to 4 kW. The support scheme will not be based on FITs or net metering, but on an "accelerated subsidy adjustment" mechanism.

Oman's Authority for Electricity Regulation Oman (AER) has submitted a proposal to support residential PV systems through an "accelerated subsidy adjustment" scheme.

The new mechanism, which will be open to residential PV projects with a capacity between 2 kW and 4 kW, will not be designed as FIT scheme, as the regulator said that most of the PV power generation is expected to be self-consumed, and that a FIT may be appropriate for larger PV systems "provided the terms of FIT contracts can be competitively tendered". Furthermore, the ARE said the scheme will not be a net metering or net billing program, given the expected magnitude of the initiative, and given the disparity between the economic cost of supply and the residential electricity tariff, which in Oman is quite high.

The scheme will be based, the AER said, on "accelerated subsidy adjustment", an "arrangement where, in anticipation of future subsidy reductions, an agreed amount of future subsidy is provided to the Authority to fund an initial stage of the initiative." Homeowners will initially be asked to contribute to the cost of installing a PV system, and will then receive the full benefit of ongoing bill reductions in the future.

"Once an initial tranche of residential PV systems is installed," the regulator specified, "and demonstrating satisfactory performance, the PV systems would be offered as an investment opportunity to funds who would recover their investment and an agreed competitive rate of return from payments aligned to PV system output, reflecting the economic benefits described above. The Authority will utilize funds from the sale of the initial tranche of PV systems to finance a further tranche of Residential PV, and so on until the initiative target is met."

The authority said that the scheme, if implemented on a "sufficient" scale, could help Oman reduce its dependence on gas. The country, in fact, currently covers 96% of its power demand with natural gas, while the remaining 4% is covered by diesel power generators.





The authority believes that, if 10% of Oman's households will install a PV system under the scheme, solar could see its share reach 1%. The AER hopes the scheme will help the deployment of residential PV solutions on up 30% of Oman's residential premises.

The regulator also hopes that the scheme can change the profile of the country's power demand, and may reduce peak system demand. "Any sustained reduction in peak demand could in turn lead to lower investment in network and generating production capacity", the AER stressed in its document.

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