

5. Projects Progress – Category wise

RAEC Monthly KPI's

| No | Project Name | Region | Value RO'000 | As per Contractor | | Extension Date | Planned Progress | % of work done | Status |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------|--------------|-------------------|----------|----------------|------------------|----------------|--------|
| | | | | Start Date | End Date | | | | |
| Electrification Program Projects | | | | | | | | | |
| 1 | Construction of Al Duqum P/S Phase 1 | Al Wusta | 5,743 | 03/11/08 | 02/11/09 | - | 87% | 41% | ● |
| 2 | EPC of 11/33kv system for power plant at Al Duqum Area | Al Wusta | 2,256 | 11/03/09 | 09/02/10 | - | 46% | 42% | ● |
| 3 | Construction of Al Mazyouna New P/S | Dhofar | 805 | 14/02/09 | 14/10/09 | - | 80% | 35% | ● |
| 4 | Construction of Andat New Power Station | Dhofar | 489 | 14/02/09 | 14/10/09 | - | 81% | 10% | ● |
| Price Controls Projects | | | | | | | | | |
| 1 | Construction of (RAECO) New store Al Misfa | Muscat | 145 | 2/2/09 | 16/5/09 | - | 100% | 95% | ● |
| 2 | Extension of 433v+11kv networks to feed power supply to un-electrified houses at Al Mazyona area – Dhofar governorate. | Dhofar | 156 | 27/4/09 | 6/11/09 | - | 45% | 30% | ● |
| Sponsored Projects | | | | | | | | | |
| 1 | Construction of Al Duqm Desl. Plant | Al Wusta | 7,973 | 09/03/08 | 07/07/09 | 07/01/10 | 67% | 70% | ● |
| 2 | Extension of Saih Al Kirat Power Station | Dhofar | 1,230 | 19/10/08 | 30/08/09 | - | 100% | 67% | ● |
| 3 | Water transmission line & distribution network at Al Hallaniyat | Dhofar | 390 | 12/04/08 | 26/11/08 | - | 100% | 75% | ● |
| 4 | Construction of New 11/33kv outdoor substation with association works at Saih Al khairat power station | Dhofar | 282 | 26/7/08 | 5/01/09 | - | 100% | 95% | ● |

- Considerable delay/overrun - action being taken noted
- Potential delays or cost overrun or project disputes
- On time/budget & no issue or disputes park

(More details are available upon request)

6. Preventive & Corrective Actions.

a. No of interruption for August 09

| Region | No.of Interruptions |
|--------------|---------------------|
| Dofar | 41 |
| Musandam | 0 |
| Al Wusta | 8 |
| Total | 49 |

b. Customer Complaints August 2009

| Date | Address | Complaint Details | RECO procedures |
|------|---------|----------------------------------------------|-----------------|
| | | No formal complaints reported for this month | |

7. Changes affecting Quality Management System

Policies: The Quality & HSE policies are established, displayed & communicated. No changes required.

Manual & Procedures: Quality manual, SOP, HR Manual, Purchase Manual and OM procedures are reviewed & fit for use .No changes required

Forms/Formats: The New forms & records (quality & operational forms) established as per QMS

8. Recommendations for Improvement & Highlights

Improve Project reporting:

Businesses and projects rely on well-structured reports to ensure accurate communication about goals and objectives, requirements, designs, measuring and recording progress, etc. The projects progress reports is now showing more clarity and focus. The report is designed in order to provide more information and details of particular subjects.



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Highlights

Implementation of ISO 9001:2008

The implementation of ISO 9001:2008 is moving forward with success. Learning, awareness and departmental discussions in ISO theme is giving a good cooperation from each department. RAEC ISO internal auditors have started their internal audit checks by end of August 2009, looking forward the ISO external audit on October 2009.

HSE Audit:

HSE Audit continued in August. At this month HSE Auditors have visited several power stations and distribution networks in Dhofar governorate and Alwusta region and discussed the audit finding and issues with RAEC line managers. Initial Audit report is expected to be received in September and the final report to be received on October.

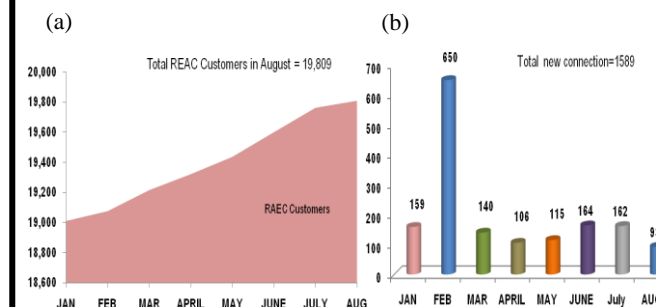
RAEC Electricity Meter Reading bill:

The Authority for Electricity Regulation has approved the new bill format. A discussion held with the billing company (ONEIC) with regard to the issuance and use of the new bill format.

1. Review of Outstanding Actions from last MMR:

- a) Projects progress Reviewed.
- b) Implementation of ISO 9001:2008 focused.

2. (a) No. of Customers & (b) New Connections.



3. Process Performance (Business Plan/Other KPI)

| | Key Performance Indicator (KPI) | 2007 | 2008 | Monthly Actual (09) | Annual Target (09) |
|------------------------|-----------------------------------------------------|-------|-------|---------------------|--------------------|
| Finance | | | | | |
| 1 | Profitability ' millions RO (YTD Jan 09-August 09) | (1.4) | (2.3) | 4342 | - |
| 2 | Debt Collection – Government Accounts 'day | 436 | 300 | 190 | 200 |
| 3 | Inventory Obsolescence 'thousands RO | 9.4 | 8.2 | - | 7.0 |
| Operations | | | | | |
| 1 | Fuel Efficiency (Kwh per litre) | 3.3 | 3.3 | 2.8 | 3.5 |
| 2 | System Losses (technical + non technical) | 17% | 14% | 12.10% | 15% |
| 3 | Compliance with License Condition | 50% | 67% | 81% | 90% |
| Customer | | | | | |
| 1 | Customer Average Interruption Duration 'min (CAIDI) | 106 | 106 | 92 | 90 |
| 2 | System Average Interruption Duration 'mins (SAIDI) | 1.6 | 1.06 | .23 | 1.0 |
| 3 | System Average Interruption Frequency (SAIFI) | 0.015 | 0.015 | .0025 | 0.014 |
| Human Resources | | | | | |
| 1 | Employee Count – directly employed by RAEC | 202 | 211 | 218 | 229 |
| 2 | Omanization % | 94 | 90 | 90 | 87 |
| 3 | Number of Recorded Accidents on Job | 0 | 0 | 0 | 0 |

| Indicators | Actual August 09 | YTD August 09 |
|---------------------------------|------------------|---------------|
| Power (Kwh) Generated (net) | 42,237,310 | 247,259,403 |
| Power (kwh) PDO Interconnection | 4,314,370 | 28,481,500 |
| Power (kwh) Supplied | 40,916,620 | 230,265,430 |
| Water (m3) Desalinated | 75,973 | 594,714 |
| Water (m3) sent out | 76,926 | 571,949 |

4-Legal, Statutory & Regulatory compliance

Actions taken to make certain License Conditions fully compliant

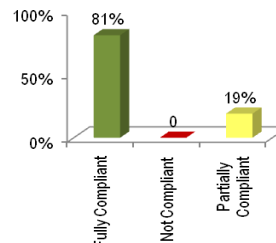
- **Condition (10): Environmental matters:** The new environmental policy (policy statement, organization and management arrangements) has been finalized. The policy has been sent to the Authority for review and approval. The policy is expected to be in place by October 2009.
- **Condition (12): Omani Content and Omanization:** A comprehensive review is being undertaken with regard to existing contractual arrangement. The subject of Omanization and Omani content is being addressed to ensure that the company and its contractors comply with the Omanization and Omani Contents policies and regulations.
- **Condition (35): RAEC Systems Capability Statement:** RAEC capability statement (final draft) has been completed and will be sent to the Authority for final approval. The statement expected to be in place within Q4 2009.

Other KPI's

| REVENUE R.O. '000 | YTD Budget | YTD Actual |
|---------------------------------|---------------|---------------|
| Electricity sales to customers | 2,108 | 2,251 |
| Electricity Sales to Government | 1,126 | 1,129 |
| Electricity sales to OPWP | 3,281 | 3,931 |
| Water sales to Water dept | 1,520 | 1,106 |
| Government Subsidy | 15,909 | 18,771 |
| Other Revenue | 865 | 834 |
| Total | 24,809 | 28,022 |

| OPEX R.O. '000 | YTD Budget | YTD Actual |
|----------------------------------|---------------|---------------|
| Cost of Sales | | |
| Power Purchases Expenses | 253 | 294 |
| Plant Operations Contract Fees | 2,376 | 1,954 |
| Diesel Consumption | 11,874 | 12,507 |
| Spares & consumable Expenses | 1,821 | 1,762 |
| Maintenance and repairs Expenses | 1,020 | 802 |
| Other Direct costs | 480 | 297 |
| Total | 17,826 | 17,616 |
| Admin & other operating expenses | | |
| Salaries & Allowances Expenses | 2143 | 1982 |
| Other expenses | 2159 | 1673 |
| Total | 4302 | 3655 |
| Total OPEX R.O. '000 | 22,128 | 21,271 |
| Profit/(loss) before tax | 389 | 6,802 |

% of Compliance



Overall compliance to license conditions has reached 81%. It is targeted to achieve 90% overall compliance by the end of this year.

Financial & Operational Results

