

Common GCC power grid to be ready by year end

The Gulf Corporation Council countries have invited bids for the final phase of a project that links their electricity stations in a single grid, following the completion of the first two stages. Oman and the United Arab Emirates (UAE) have already completed their own electricity grid, while the second phase involving four other members is nearing completion, the Global Investment House said in a report. The third stage, which will link the south and north grids, will complete the interconnection of all GCC countries by end-2008. The resultant supplies will be shared by the six members with UAE getting 900MW, Saudi Arabia 1,200MW, Oman 400MW, Qatar 750MW and Kuwait 1,200MW.

The UAE owns 15.4 per cent of the project, while 31.6 per cent is controlled by Saudi Arabia, 26.7 per cent by Kuwait, 11.7 per cent by Qatar, 9 per cent by Bahrain and 5.6 per cent by the Sultanate. The grid is expected to cut power cost by reducing the level of reserves needed in each member. GIH report also noted that the demand for power in the Sultanate has been going up in view of vigorous industrial growth and implementation of heavy engineering industries. The electricity production has grown at a compounded annual rate of 6.9 per cent during 2002-2007 period and stood at 14,443GW in 2007. The growth rate is much higher than the one witnessed in Middle East and North African (Mena) region at around 5-6 per cent and the world average of 2.7 per cent.

The Sultanate's water requirements are sufficed by groundwater and limited rainfall of about 100mm annually to the extent of 65 per cent and the balance 35 per cent catered to by desalination of seawater. Water production has grown at a compounded annual rate of 7.9 per cent over 2002-2007 and stood at 33,175m gallons in 2007. The Oman Power and Water Procurement (OPWP) has unveiled plans for a considerable enhancement of power and desalinated water generation capacity to meet a robust increase in projected national demand growth over the next seven years -- between 2008 and 2014. According TO OPWP the demand for additional power capacity is forecast at between 1800MW and 2500MW for the main interconnected system (MIS), covering north Oman by 2014.

To cater to this demand growth, OPWP plans to launch competitive procurement processes during the current year, covering new green-field power generation capacity of 750-1000MW to be available from 2011-2012 and located at Barka or Sohar. Also envisioned in its procurement strategy for the 2008-2014 is the expansion or redevelopment of the Al Ghubrah Power and Desalination Plant, which will include a new Independent Water and Power Project (IWPP) providing additional power capacity of up to 500MW. This new capacity is proposed to be available from 2011-2012 and will be established alongside Al Ghubrah's existing plant. In addition, OPWP 's procurement strategy also provides for a new independent power project with a potential capacity of up to 1000MW that may be required during the 2013-2014 timeframe, according to its 7-year statement.

The company is already overseeing the ongoing procurement process linked to the development of a new IWPP in Salalah of a capacity of 370-430MW and 68,000cu.m/day (15m gallons per day MIGD) of desalination capacity. This process is due to be completed during the course of this year to a view to securing full availability of the plant by early 2011. Some 'early power' from the Salalah IWPP is expected to be available from 2010. The maximum power demand in the Main Interconnected System (MIS) is projected to grow from 2,682MW in 2007 to 5,111MW by 2014, reflecting an average annual demand increase of around 10 per cent or 350MW per year.

In the Salalah system, which serves Dhofar Governorate, the maximum demand for power is expected to grow from 251MW in 2007 to 580 by 2014, corresponding to an average annual increase of around 13 per cent or 50MW per year. All power generation and water desalination companies in Oman are set to be privatized by 2009. An agreement for a project that includes the first privatisation of Oman's electricity and related water sector restructuring process under a share purchase agreement signaled the start of the privatization process in earnest. The Omani government has early 2008 timeframe for privatizing all transmission operations and the distribution and supply companies within the next three years.