



Executive Regulations of the Electricity Law with regard to the Ministry's Missions

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Chapter 1

Definitions

Article 1

In this Regulation, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Ministry: Ministry of Energy.

Minister: Minister of Energy.

Authority: Water and Electricity Regulatory Authority.

Board: Board of Directors of the Authority.

Law: Electricity Law.

Regulation: This Implementing Regulation is related to the Ministry's duties, as stipulated in the Law.

Energy: All types of hydrocarbon and electrical energy generated from conventional, renewable, and atomic sources.

Consumer: Any person supplied with electricity for private consumption.

Cogeneration: The simultaneous production of electricity and desalinated water or steam, or both.

Electricity Activity: An activity that a person carries out or intends to carry out in the field of electricity, including electricity generation and cogeneration from any source of energy, electricity transmission, distribution, Trading, and retail sale, principal buyer's business, and district cooling.

Licensee: Anyone holding a valid license or exemption.

Electricity Market: A situation where the sale and purchase of electricity is subject to free market factors and where the price of electricity is governed by supply and demand.

Trading: The bulk purchase of electricity from a Licensee for sale to another Licensee or a large consumer or the importation or exportation of electricity into or from the Kingdom.

Power Sector Integration (PSI): An integration Committee under the supervision of the Ministry of Energy, with the participation of entities within the electricity sector and relevant stakeholders aiming to maximize collaboration and integration of all efforts towards achieving electricity sector policies and future plans.

Databases: Information bases, documents, statistical data, and technical information related to the electricity sector.

Chapter 2

Data and Information

Article 2

In the event that the Ministry decides that certain information in the possession of any Licensee is necessary for implementing the Law in relation to the Ministry's duties and such Regulations, said Licensee shall provide such information within a reasonable period of time, as specified by the Ministry. In the event that the Licensee fails to do so within the specified period, form, or manner, the Licensee shall justify the same to the Ministry and shall specify the available alternative information that can meet the Ministry's requirements. In that latter case, the Ministry may take one of the two following measures:

- Accept the alternative information indicated in the response, while retaining the right to order the Licensee to provide the information originally requested at a subsequent date.
- Reject the Licensee's justifications for their failure to provide said information within the specified period or any additional period the Ministry has specified, and order the Licensee to provide the required information within the specified period or within any other additional period specified by the Ministry.

Article 3

Without prejudice to the confidentiality required by national security, the Ministry may enable the public, in the manner it deems appropriate, to have access to the electricity sector Databases, which include the following:

1. A copy of the Law, such Regulations, and any amendments thereto.
2. Royal Orders, Council of Ministers Resolutions, and government circulars related to the electricity sector.
3. Decisions related to the electricity sector issued by the Minister or his designee.
4. Approved strategies of the electricity sector.
5. The long-term plan for the Electricity Activity, the energy mix, the expected demand for Energy, and periodic updates thereof.
6. Studies, researches, and approved development programs of the electricity sector.
7. The electricity sector periodic reports issued by the Ministry or the relevant agencies.
8. The technical and economic data of the electricity sector, which include, but not be limited to, data on the capacities of generation plants, transmission and

distribution systems, consumption, sector's economics, and periodic updates thereof.

9. Any other information that the Ministry deems appropriate to be accessed by the public.

Article 4

The Ministry may, for the purpose of managing exceptional situations, request operational data, data on the exceptional situation, and data for the purpose of situations on a regular basis. Any person designated by the Ministry, as it deems appropriate, shall provide said data at the time specified in the policies, strategies, and plans approved by the Ministry.

Article 5

Specific information may, by a decision of the Minister, be excluded from the Databases referred to in Article 3 hereof in the event that the Ministry decides, at its own discretion, that such information, if included, could be harmful to the public interest or contrary to the objectives of the Law.

Article 6

The Ministry shall send notices of the decisions it issues in such a manner as it deems appropriate to achieve the purpose thereof.

Chapter 3

Policies and Strategies

Article 7

The Ministry shall set up the policies and strategies related to the electricity sector in light of the State's policies and directives, in order to achieve economic growth and social prosperity, without prejudice to the competencies of other agencies, including, but not limited to, the following:

1. Deliver electricity service to the cities, governorates, and villages of the Kingdom, so as to ensure fair and non-discriminatory distribution, as per the approved plan for the delivery of electricity service.
2. Support the electricity sector and overcome any difficulties that it may encounter.
3. Address exceptional situations in the event of an existing or imminent threat affecting the Kingdom's supply of fuel or electricity, including the use of exceptional powers to control electricity resources and fuel reserves of Licensees, in coordination with the relevant agencies.
4. Achieve the security and reliability of the fuel supply and the network, ensure the quality of service delivery at the lowest cost possible, and enhance the efficiency of the electricity sector, in coordination with the Authority.
5. Establish a reliable infrastructure to maximize economic benefits, promote local content, localize products and services, create job opportunities, absorb various Energy sources to achieve an optimum energy mix, and interconnect with other countries.
6. Achieve a better level of environmental compliance, including reducing the carbon footprint in the electricity sector.
7. Achieve the optimum energy mix for electricity production in the Kingdom, including the introduction of renewable Energy sources, high-efficiency gas power plants, and reducing reliance on liquid fuels to generate electricity.

Article 8

The Ministry may, upon drafting policies and strategies for the electricity sector, act through the Power Sector Integration (PSI), Licensees, relevant agencies, and any person whom the Ministry deems appropriate to participate therein, so as to review the proposed work and submit their views thereon. The Ministry may, in this regard, seek the assistance of consultants and experts from inside and outside the Ministry and enter into contracts with universities, research institutes, and local and international consulting firms.

Article 9

The Ministry shall oversee all relevant agencies regarding relevant policies and strategies approved for the electricity sector and shall issue the directives and decisions it deems appropriate to ensure compliance with such policies and strategies, including, but not limited to, the following:

1. Assign the Authority and the Licensees to prepare programs indicating their intended measures and timetables for the implementation of the approved policies and strategies and submit the same to the Ministry for approval.
2. Assign the Authority and the Licensees to submit periodic reports to the Ministry to show the progress of work in implementing the approved policies and strategies and compare the same with the plan submitted to the Ministry. Such reports shall also highlight any hindrances or obstacles to implementation and shall propose solutions therefor.
3. Assign the relevant agencies to engage in proposing amendments to the approved policies and strategies for the electricity sector.

Chapter 4 Planning

Article 10

The Ministry shall, upon drafting the necessary plans, studies, and development programs for the electricity sector, observe the following:

1. Form a work team through the Power Sector Integration Committee and include therein any person it deems appropriate to participate in drafting the required plan, study, or program.
2. Upon completing its duties in accordance with Paragraph (1) of this Article, said team shall submit recommendations for approval by a decision of the Minister or his designee, based on the approved policies and strategies.

Article 11

The Ministry shall monitor the progress continuously in executing the plans, study recommendations, and approved development programs for the electricity sector and ensure the implementation thereof. The Ministry shall issue decisions and directives that it deems appropriate to ensure the implementation of such plans, recommendations, and programs, including the following:

1. Assign relevant agencies to prepare executive programs indicating their intended measures and timetables for the implementation of the plan, study recommendations, or approved program and submit the same to the Ministry for approval.
2. Assign the agencies associated with the plan, study recommendations, or approved program, to submit periodic reports to the Ministry, demonstrating the progress of work in the executive programs, any challenges to implementation, and proposed solutions therefor.

Article 12

The Ministry shall add amendments to the plans, studies, or approved programs and shall, as it deems appropriate, update the same when required.

Article 13

Without prejudice to the competencies of other agencies, the Ministry shall, upon preparing the necessary plans, studies, and development programs for the Electricity Activity, observe the following:

1. The approved development plans of the State.
2. The expected growth of electrical loads of various types, namely residential, industrial, commercial, agricultural, and other types, in different regions of the Kingdom.
3. On-peak times of synchronous and asynchronous electrical loads.
4. Diversification of the electricity production sources from the energy mix in order to achieve providing electricity to consumers with high reliability and efficiency and at the lowest possible cost.
5. Requirements for the construction of power plants, co-generation plants, and renewable Energy plants, and requirements for reinforcing and expanding the national transmission grid and distribution networks for electricity transmission and distribution, and district cooling.
6. The requirements and options available to meet a peak load, such as Energy storage and load displacement programs and other economically feasible programs.
7. The type and quantity of fuel in the long term and how to deliver the same to the sites of the generation stations, as per the long-term plan.
8. Strategic and security aspects upon locating new electricity generation stations;
9. Approved measures and standards for environmental protection.
10. Priorities for electrical interconnection across the national transmission grid to ensure the optimum utilization of electricity production sources and the balance and stability of electricity supplies and to meet the electricity supply security strategy.
11. Availability of an adequate reserve of generation capacities at the sector's level in line with the requirements of the technical network, to provide a safe and reliable electrical service.
12. Electrical interconnection with other countries, and achievement of economic and technical benefits from such interconnection.
13. Promotion of high-efficiency electricity production, transmission, distribution, supply, and trading.
14. Enhancing the engagement of the private sector in the Electricity Activity.
15. Encouraging fair and regulated competition to curtail monopoly in the Electricity Activity.

16. Enhancing the availability, efficiency, and adequacy of electrical services and ensuring their coverage of all the regions of the Kingdom.
17. Improving the electricity services delivered to consumers in each region.
18. The cost of electricity service provision in each region.
19. The conditions of the different regions in the Kingdom in terms of expansion and the growth of loads of all kinds.
20. The economic and technical capabilities of the Licensees required to implement these plans and their impact on the transmission network and generation stations.
21. Approved specifications and standards.
22. The technical and economic impact of the Electricity Activity on the Kingdom's economy.

Article 14

The Ministry shall develop the necessary plans and controls to address exceptional situations. These shall include, but not be limited to, the following:

1. Prepare response plans and measures, manage exceptional situations, and ensure that Licensees are well prepared to address such situations, subject to the provisions of Article 7 hereof.
2. Determine and allocate the quantities of reserve fuel to be available at each generation station.
3. Conduct studies of potential exceptional situations, ways to address same, and the role of Licensees therein.
4. Oversee the development of response capabilities by proposing and coordinating programs between the relevant agencies at the local and national levels, and update same on a regular basis.
5. Ensure the operability of backup generators in accordance with the Saudi Building Code requirements, by making sure that Licensees carry out the electricity distribution activity by way of periodic inspection pursuant to a schedule to be proposed by the Licensee and approved by the Authority.

Chapter 5

Representing the Kingdom and Organizing Conferences

Article 15

Without prejudice to the provisions of relevant laws, orders, and decisions, the Ministry, or any delegated government agency, shall represent the Kingdom and shall attend local, regional, and international meetings, seminars, and conferences, in relation to the Ministry's duties. The representation decision shall include the following:

1. Name of the delegation's head and members.
2. Purpose of the delegation and the duties entrusted thereto.
3. Delegation's responsibilities and powers.
4. Whether the delegation is required to submit a report on its mission to the Ministry.

Article 16

The Kingdom's representative – in relation to the Ministry's duties – shall be appointed to any local, regional, or international organization or agency related to the electricity sector, by a decision of the Minister or his designee. Said decision shall specify the representative's appointment period, duties, responsibilities, and powers. Furthermore, the Ministry shall take into consideration the experience, knowledge of the nature of work at the agency where the representative shall be appointed, and the required or appropriate administrative level for representation.

Article 17

The Ministry shall represent the Kingdom in the electrical interconnection projects and commercial exchange of electricity with other countries. The Kingdom's representative shall be appointed by a decision of the Minister or his designee. Said decision shall specify the representative's appointment period, duties, responsibilities, and powers. Furthermore, the Ministry shall take into consideration the experience, knowledge of the nature of work at the agency where the representative shall be appointed, and the required or appropriate administrative level for representation.

Article 18

The Kingdom's representative appointed by the Ministry shall, prior to deciding on the issues of electrical interconnection or commercial exchange of electricity with other countries, coordinate with the Authority and relevant agencies, and shall observe the optimum selection of the points of connection pursuant to the technical conditions and the expected impact on the Kingdom's national electricity grid and the economic feasibility of the interconnection.

Article 19

The Ministry shall, in coordination with the relevant agencies, hold or participate in local, regional, and international conferences, seminars, and scientific forums. It shall also sponsor the same whenever it deems it appropriate in order to serve the interests of the Kingdom and the electricity sector, namely, to exchange experiences, transfer and localize knowledge, and activate research and development work related to the Electricity Activity.

Chapter 6

Ministry's Powers in Exceptional Situations

Article 20

1. The Ministry shall, in order to achieve the objectives of the Law, take the necessary measures to address exceptional situations in the event of an existing or imminent threat to the Kingdom's supply of fuel or electricity, and shall have exceptional powers to control electricity resources and fuel reserves of Licensees, in coordination with the relevant agencies.
2. The Ministry shall, upon taking the necessary measures to address exceptional situations, in accordance with Paragraph (1) of this Article, report the following to the relevant agencies:
 1. A detailed description of the exceptional situation.
 2. The measures taken by the Ministry to address this exceptional situation.
 3. A preliminary estimate of the expected costs and damages resulting from such an exceptional situation.
 4. Assignment of the competent agency to study the situation in detail, to address the same pursuant to the Law, and to submit its proposals regarding the means to avoid the occurrence thereof in the future.

Chapter 7

Supporting National Industry, Localizing Technology and Increasing Local Content

Article 21

The Ministry shall, in coordination with the relevant agencies, establish a long-term program to enhance national industry and support services in the electricity sector and localize modern technology. The Ministry shall also introduce available opportunities by creating and developing an environment conducive to investment in the industries related to the electricity sector, especially for small and medium enterprises, and by encouraging the increase of total spending within the Kingdom through the engagement of the workforce, goods, services, assets, national technologies, and the like.

Article 22

The Ministry shall, in coordination with the relevant agencies, estimate the volume of demand for human resources in the electricity sector, through the following:

1. Prepare an overall classification of all jobs in the electricity sector.
2. Estimate the volume of demand for human resources in the electricity sector, including new jobs, replacement, and retirement.
3. Determine the required national skills and competencies in the electricity sector and coordinate with the relevant agencies to build, train and develop the capabilities needed by the sector.
4. Prepare a plan for qualifying and training national staff in the electricity sector, and establish the necessary mechanisms therefore, provided that said plan shall be reviewed and approved by the Ministry.

Article 23

The Ministry shall, in coordination with the relevant agencies, prepare lists of the specializations and jobs required to cover the current and future needs of the electricity sector. Said lists shall specify the required qualifications and expertise.

Chapter 8

Research and Development

Article 24

The Ministry shall conduct studies and research; support research and development activities related to the electricity sector in specialized national institutes, universities, and relevant private sector institutions; support talented and innovative persons to achieve a highly efficient Electricity Activity; provide modern technologies; reinforce the infrastructure; and provide new job opportunities in the electricity sector to substantially contribute to the gross national product (GDP). Moreover, it may coordinate with the relevant agencies to achieve said tasks.

Article 25

The Ministry shall, in coordination with the relevant agencies, prepare a national plan for research and development in the Electricity Activity.

Article 26

The Ministry shall, on an ongoing basis, monitor progress in the implementation of the national research and development plan in the Electricity Activity, and the research and development activities subsidized or funded by the Ministry at the research institutes, universities, and relevant private sector institutions.

Chapter 9 Conservation of Energy Consumption

Article 27

The Ministry shall in coordination with the Saudi Energy Efficiency Center – as per its respective competence – and with the relevant agencies monitor the implementation of the objectives and requirements for conserving electricity and raising the efficiency of its production, as approved by the Center. It shall also coordinate to monitor the compliance of Electricity Activity companies and agencies with achieving the targets of existing and new stations.

Article 28

The Ministry shall, in coordination with the relevant agencies, determine the percentage of contribution of the various Energy sources to the optimum energy mix in order to achieve better returns and raise efficiency.

Chapter 10 Documentation and Statistics

Article 29

The Ministry shall, in coordination with the Authority, document, provide and develop statistical data and technical information related to the electricity sector, by creating a comprehensive Database that comprises the following:

1. A list of the Databases referred to in Article 3 hereof.
2. An account of annual growth, necessary surveys, and relevant reports on the Electricity Activity.
3. Documentation of the data related to generation, transmission, and distribution capacities, fuel consumption and costs of all kinds, electricity transmission and distribution, and exchange of electricity inside the national grid and through electrical interconnection lines.
4. Documentation of the data related to the cost of delivering electricity to all consumers, including public and private facilities.

Chapter 11 Competition

Article 30

The Ministry shall, with the participation of the Authority, create a conducive environment for investment and competition in the Electricity Activity, without prejudice to the laws and instructions issued in this regard, and shall enhance the reliability and availability of the electricity supply in the different regions of the Kingdom, in order to achieve the following.

1. Create an appropriate environment for investment in the Electricity Activity, and encourage fair competition therein to ensure optimum provision of services to consumers.
2. Ensure the consumer's right to choose from among licensed service providers.
3. Abide by transparency to establish a fair competitive environment that guarantees the protection of consumers, investors, and Licensees in accordance with public interest requirements.

Chapter 12

Development of the Structure of Electricity Activities

Article 31

The Ministry shall – in coordination with relevant agencies – develop, review, and amend the structuring plan of the electricity sector based on the approved policies, in order to improve and expand the service and to ensure the reliability and availability of electricity supplies throughout the Kingdom. It shall also define the policies and strategies related to separating or merging the electricity sector activities and shall determine the general frameworks for the relations between the electricity sector entities to be established on commercial bases and the sector's business model and governance. In addition, the Ministry shall set timetables for the structuring process based on detailed and comprehensive studies of all areas related to the sector, including environmental, financial, economic, and legal aspects. It shall, when required, coordinate with the relevant ministries and government agencies.

Article 32

The Ministry shall, within its competence, monitor the implementation of the approved structure development plan of the electricity activities to promote fair competition, increase the participation of the private sector, curtail monopoly, and facilitate the transition to an electricity market.

Article 33

The Ministry shall monitor the Electricity Activity on an ongoing basis with regard to the progress of the implementation of the structure development plan and the amendments and updates thereof from time to time.

Chapter 13

Eminent Domain and Temporary Taking of Property

Article 34

The Ministry shall issue eminent domain and temporary taking of property decisions in favor of a Licensee, pursuant to his requests to acquire land suitable for the project or the route to carry out the licensed activity, or for related purposes, upon satisfying and studying all the Ministry's requirements, in accordance with the Law of Eminent Domain and Temporary Taking of Property.

Chapter 14

Concluding Provisions

Article 35

The Ministry shall refer any violation of the provisions of the Law and Regulations that it detects to the Authority to enforce the provisions of the Law as per its competence.

Article 36

These Implementing Regulations shall be published in the Official Gazette and shall enter into force as of the date on which the Law enters into force.

