

New regulatory framework for the district cooling sector in Qatar

Qatar is one step closer to implementing a regulatory framework for the district cooling industry. The District Cooling Department of Kahramaa (DCD), which acts as regulator for the district cooling sector, released the District Cooling (DC) and Water Management Code 2016. The Code refers to the DC Law (which is yet to come into force) and sets the minimum requirements for the design and operation of DC systems deemed critical for achievement of the Key Performance Indicators (KPIs) defined by the DCD.

The DCD was created by Emiri Decree No. (35) of 2014 as a corporate department in Kahramaa to establish district cooling services regulatory frameworks in the State of Qatar. For the past few years, the department was promoting regulatory requirements in the energy, water and district cooling markets.

Some of the highlights from the new Code are as follows:

- The Code will be applicable to all existing and new DC plants. For the first time, the DCD mentions the possibility for entities to act as DC providers and/or as DC retailers. The DC provider is defined as an entity which generates cooling energy and distributes it, while a DC retailer is the entity acquiring the cooling energy from a DC provider or another DC retailer for the purpose of resale.

The main innovation introduced by the DCD is that both DC providers and DC retailers would be required to obtain a license under which they are given permission to conduct DC services, in each case in accordance with the provisions of the DC Law.

- The Code has specific goals summarized as follows: “Human health and environmental safety, reliability, efficient use of water, efficient use of energy, sustainability and cost effectiveness”. The Code includes two mandatory sections, one related to DC design and water management standards and the other to DC services KPIs. DC providers as well as DC customers should carefully review the Code’s requirements ahead of the promulgation of the DC Law to ensure compliance.
- The DCD refers to the possibility of granting some exemptions to DC providers and DC retailers exempting them from compliance with the requirements for obtaining a license, or other requirements set out under a license, or any other provisions of any regulations; DC providers will have the right to apply for an exemption, provided they submit to the DCD acceptable justifications for approval.
Exemptions can also be granted to customers exempting them from compliance with requirements or provisions of regulations.
- The DCD introduced a new obligation on DC providers and DC retailers who must report to the DCD by March 31 of each year on the performance for the prior calendar year. DC providers and DC retailers are also required to submit statements of compliance with occupational health and safety and environmental laws and regulations. In the event of non-compliance with any of the KPIs, the

information shall be made publicly available. This measure is certainly designed to drive strict compliance.

Under the right conditions DC can achieve its full potential as a cost-effective, reliable and sustainable service benefiting both providers and customers. Although questions remain as to the DC law's scope and the practicality of some of the Code's provisions and KPIs, it is nevertheless a laudable first step and it is expected to see further legislation enacted, which will help build customer trust in DC, in Qatar, while preserving the rights of all DC stakeholders.

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