



Pricing of electricity tariff in Jordan – the nature and challenges

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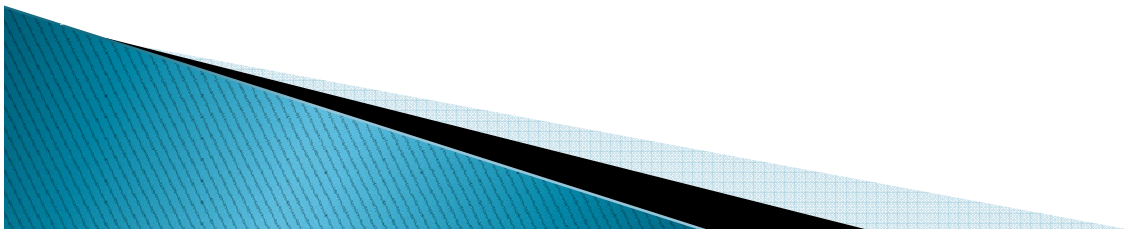
**Studies and Economic Researches Department
Electricity Regulatory Commission - ERC**

Plan of presentation

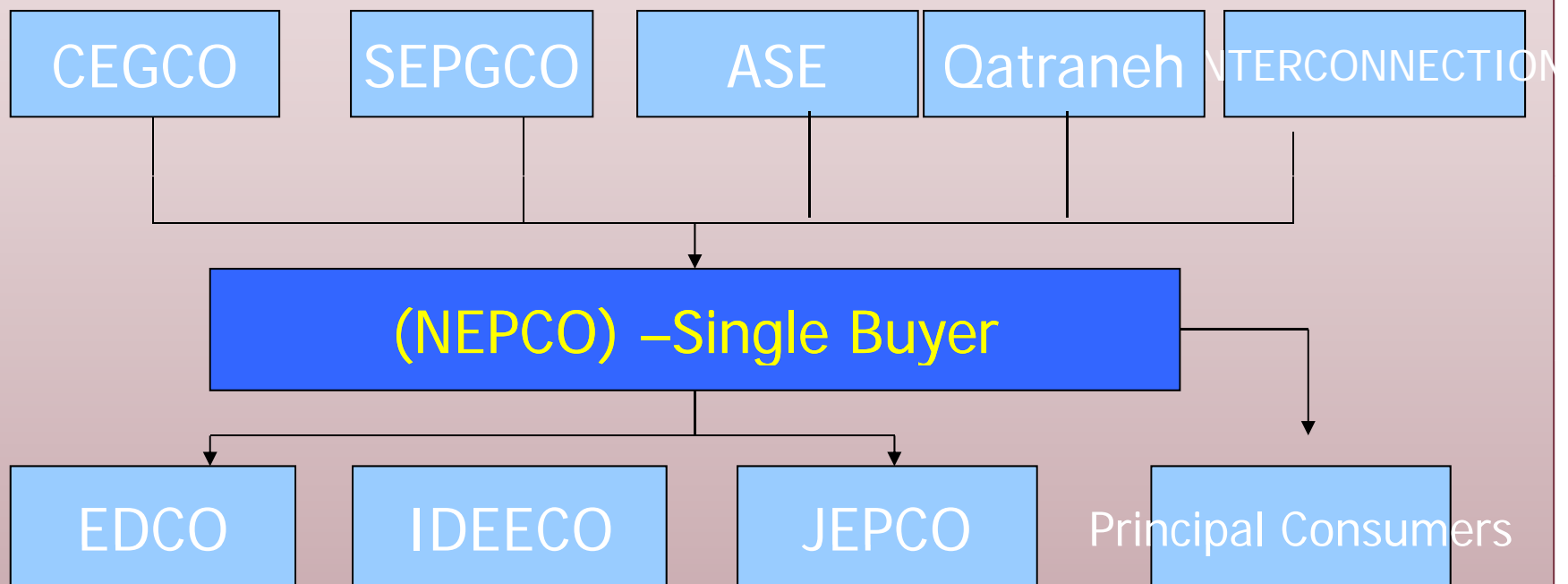
Current Situation of the Electricity market In Jordan

Cost of Electricity System

Challenges in the Electricity System

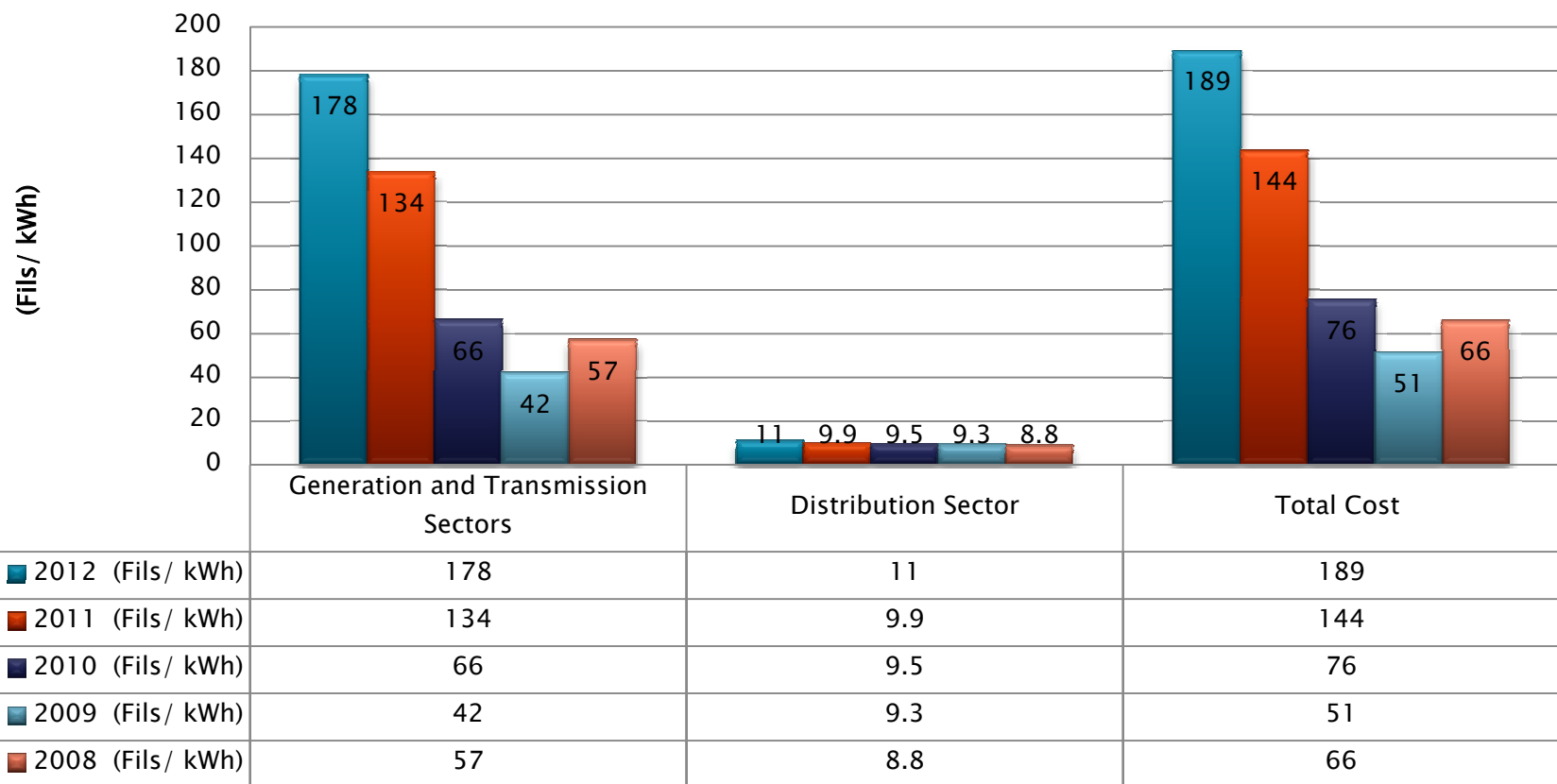


Current Situation of the Electricity market In Jordan



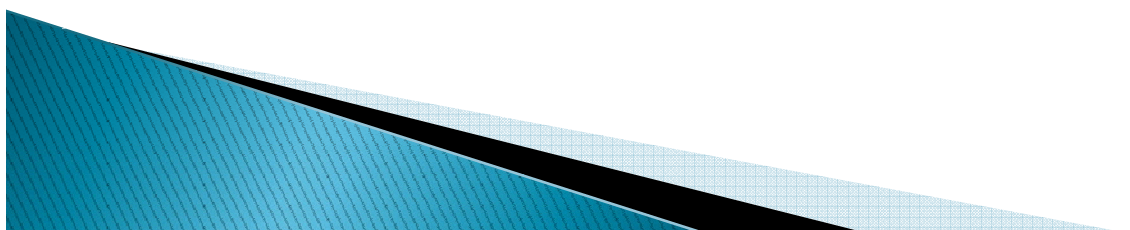
The Following chart represents the effect of fuel cost on the average cost of electricity System during the period from 2008–2012:

Average Cost of Electricity System



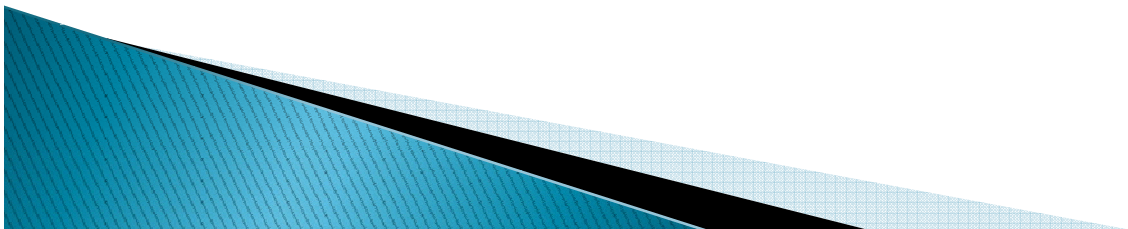
ERC increased the tariff many times during the period from 2008–2012 in order to cover the increasing cost in the electricity system:–

Date	Average Selling Price Fils/kWh	Increase (%)
Before 14.0.3.2008	49	0
14.03.2008	61	25%
2011	73	20%
2012	88	20%
<u>Average Increase (2008-2012)</u>		81%



ERC will not be able to cover all the cost to mitigate the effect on the final consumers, and this situation has led NEPCO to incur losses.

The Financial Year	Total Cost (Fils/kWh)	Average Selling Price (Fils/kWh)	Difference (Fils/kWh)	Nepco's Net Income (Loss) (MJD)
2008 (Actual)	66	57	(9)	(58)
2009 (Actual)	51	60	9	23
2010 (Actual)	76	61	(14)	(160)
2011 (Actual)	144	67	(77)	(1008)
2012 (Expected)	189	88	(101)	(1180)
<u>Total Loss during the period</u>				<u>(2383)</u>



The following table represents the current retail tariff:-

Category		Tariff Fils/kWh	Differences Fils/kWh
Standard Tariff (1-Domestic 2-Employees, Discount 75% 3-Government 4- Customers , Discount 25%)			
1-160	KWh/Month	33	(156)
161-300	KWh/Month	72	(117)
301-500	KWh/Month	86	(103)
501-600	KWh/Month	114	(75)
601-750	KWh/Month	141	(48)
751-1000	KWh/Month	168	(21)
>1000	KWh/Month	235	46
TV & Broadcasting		122	(67)
Commercial Sector			
1-2000	KWh/Month	91	(98)
>2000	KWh/Month	127	(62)
Banking Sector			
1-2000	KWh/Month	227	38
>2000	KWh/Month	265	76
Telecommunication Sector			
1-2000	KWh/Month	227	38
>2000	KWh/Month		
Small Industries			
Medium Industries			
1- Max. Demand			
2- Day Energy			
3- Night Energy			
Agriculture Flat Tariff			
Water Pumping		66	(123)

Category	Tariff Fils/kWh	Differences Fils/kWh
Hotels Flat Tariff	127	(62)
Hotels (Three Part Tariff)		
1- Max. Demand	3.790	(185)
2- Day Energy	116	(73)
3- Night Energy	102	(87)
Streets lighting	80	(109)
Army Forces	103	(86)
Port Corporation	112	(77)
Large Industries		
A- Large Industries Mining & Quarrying industry		
1- Max. Demand	2.980	
2- Day Energy	220	31
3- Night Energy	164	(25)
		189
B- Large Industries - Others		
1- Max. Demand	2.980	
2- Day Energy	94	(95)
3- Night Energy	76	(113)
Agriculture/Commercial	81	(108)
Average	88	(101)

Challenges

-In addition to secure the energy sources in Jordan and motivate renewable energy projects, ERC needs to modify the electricity tariff structure to address some distortion in the retail tariff as mentioned below :-

-The Electricity tariff dose not distinguish between non-profit and profit sector in many categories:-

Type of Entity	Government Sector (kWh/Month)	Private Sector (kWh/Month)	Differences (kWh/Month)
School	6,600	59,000	52,400
Hospital	240,000	180,000	60,000

- There are many customers receive a discount between 25% – 75% as follow:–

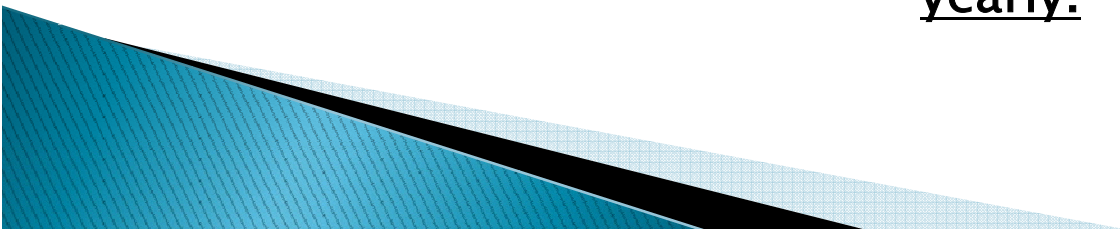
1 – Discount of 25%.

- Government school.
- Government college.
- Government Hospital.
- Private school (Only in Jepco's concession area).
- Private college (Only in Jepco's concession area).
- Private Hospital (Only in Jepco's concession area).
- Worship places.
- Charities.
- Armed Forces.

2 – Discount of 75%.

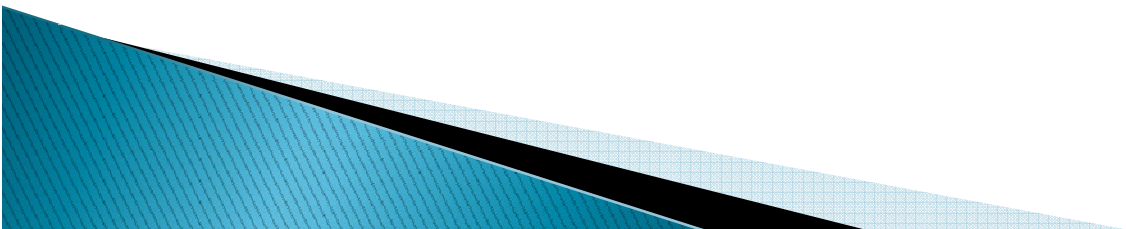
This discount only for the electricity companies employees.

The above mentioned discount cost the electricity tariff 22 MJD yearly.



– Fuel clause:–

This item was adopted in 2010, but this item is not used till now.



► Thanks

