



MEDREG

ELECTRICITY MARKET DEVELOPMENTS IN JORDAN



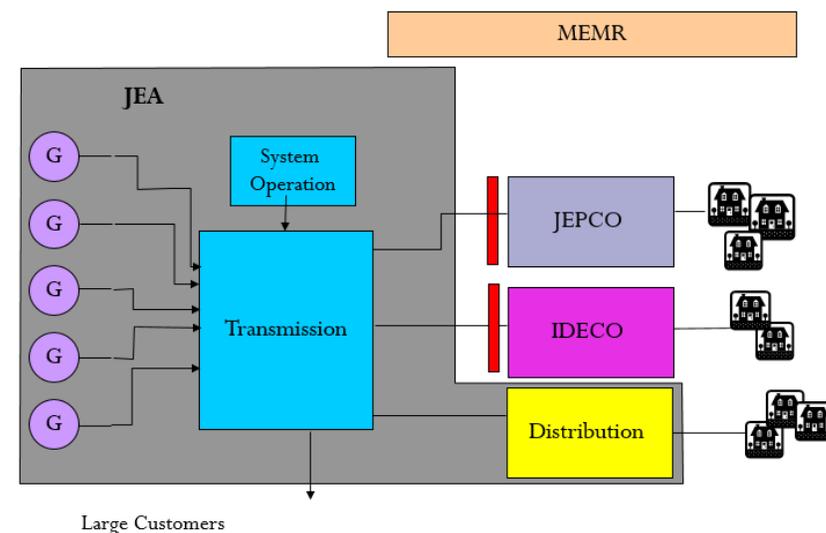
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The historical structure of the electricity market in Jordan

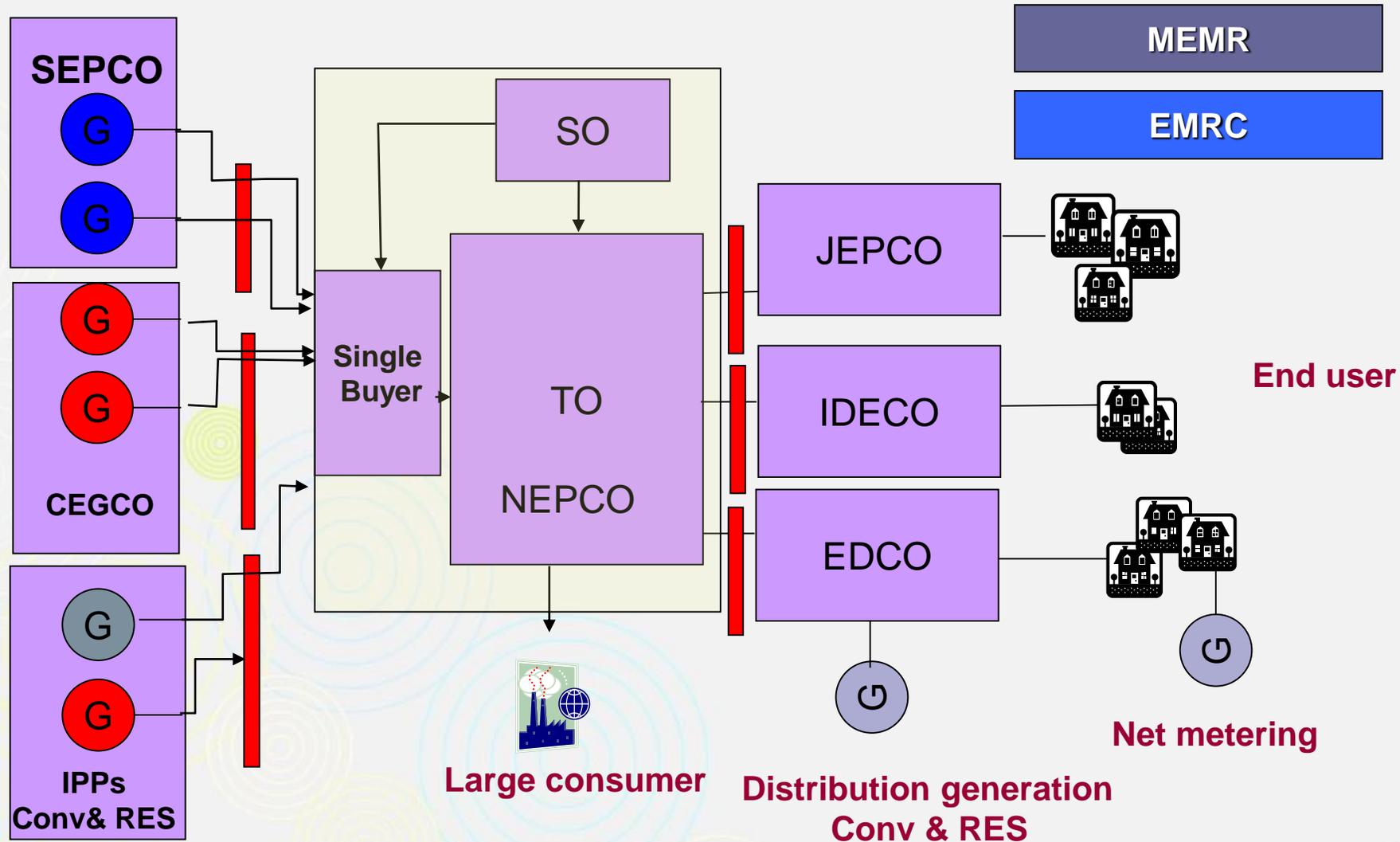
the Jordanian cabinet's decision to restructure JEA as a public holding company in preparation for a long-term restructuring of the power sector with the introduction of more private sector participation. The legislative basis for the planned reform was laid down in the General Electricity Law No. 10 of 1996, under which JEA was renamed the National Electric Power Company (NEPCO). In 1999 NEPCO was corporatized and unbundled into three entities:

- (1) a company to own and operate the transmission network and system operation and to act as a single buyer for bulk power, which inherited NEPCO's name;
- (2) Central Electric Generating Company (CEGCO), which took over all the public generating capacity; and
- (3) Electricity Distribution Company (EDCO), which took over JEA/NEPCO's distribution activities.

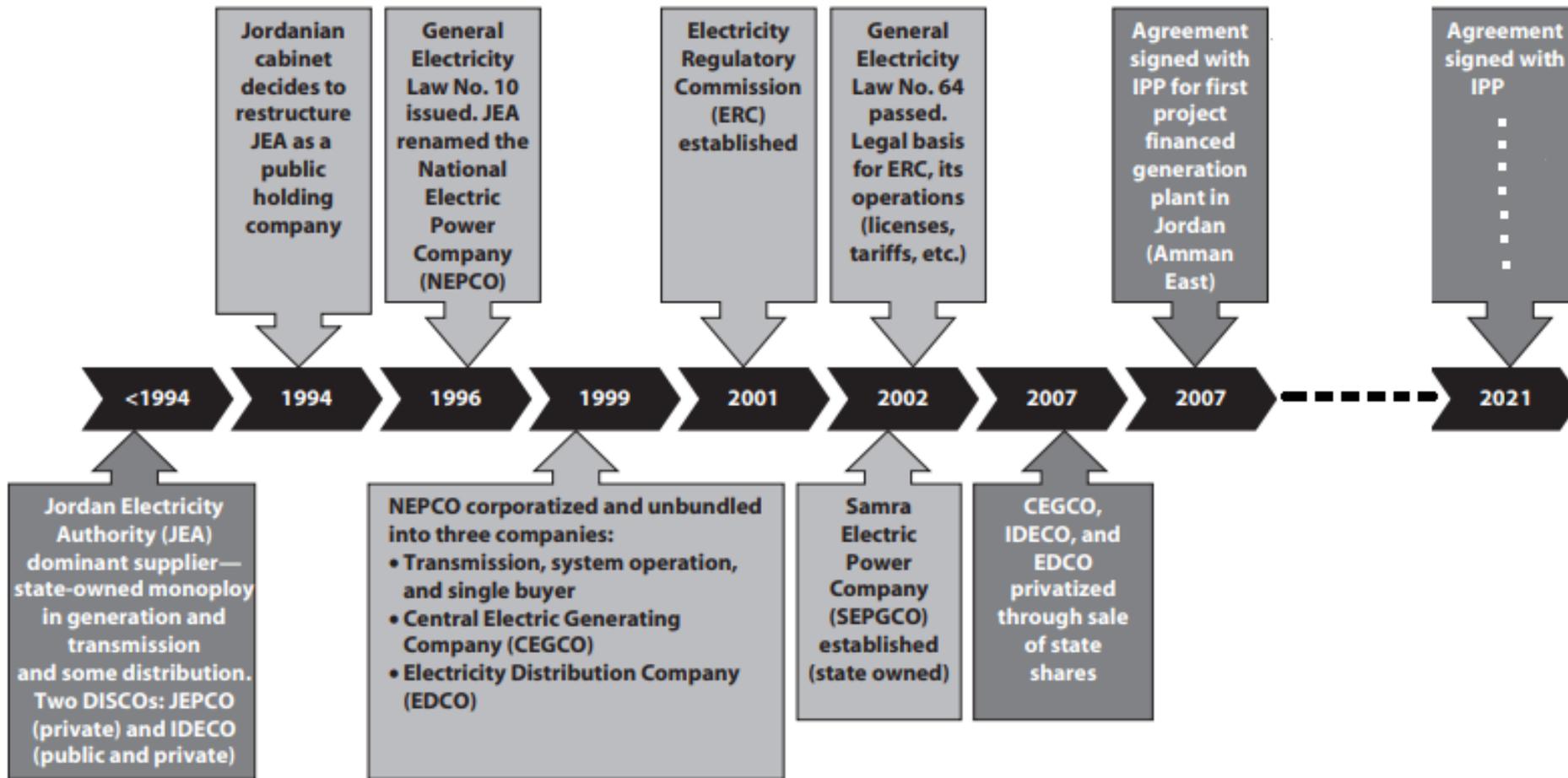
Situation before 1997



The current organizational structure of the electricity sector



The historical development of the electricity market in Jordan



Impact on Sector Performance

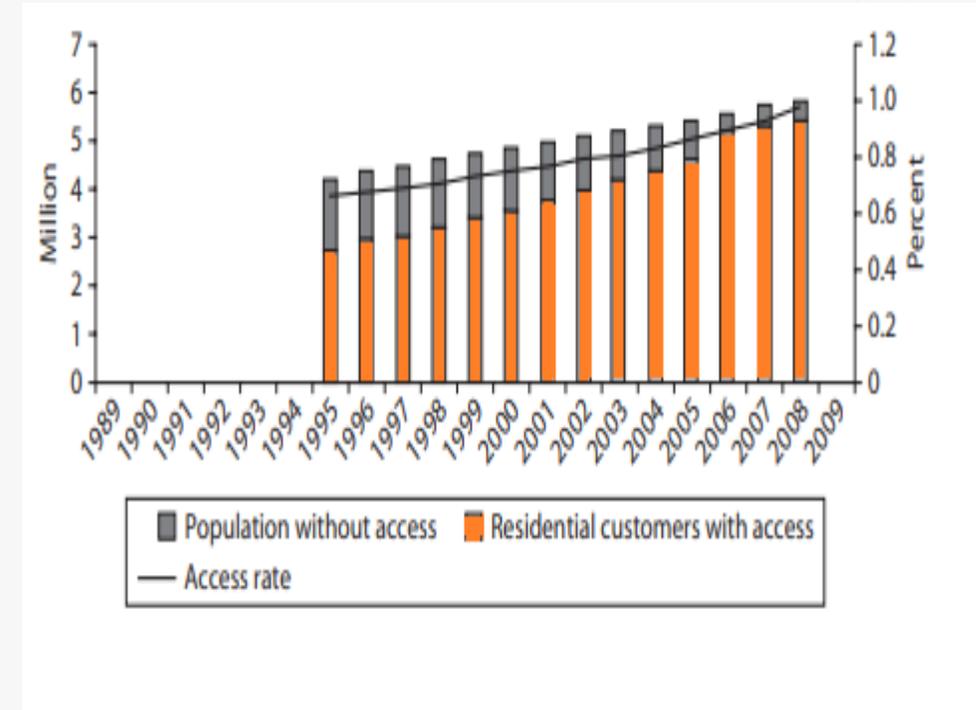
The impact of the reforms can be examined by comparing trends between the four main phases:

- pre-unbundling—before 1999.
- unbundled with a single buyer of wholesale power but Pre-regulation 2000 to 2002
- under autonomous regulation but Pre-privatization — 2003 to 2007
- post privatization with a single buyer from 2008 onward



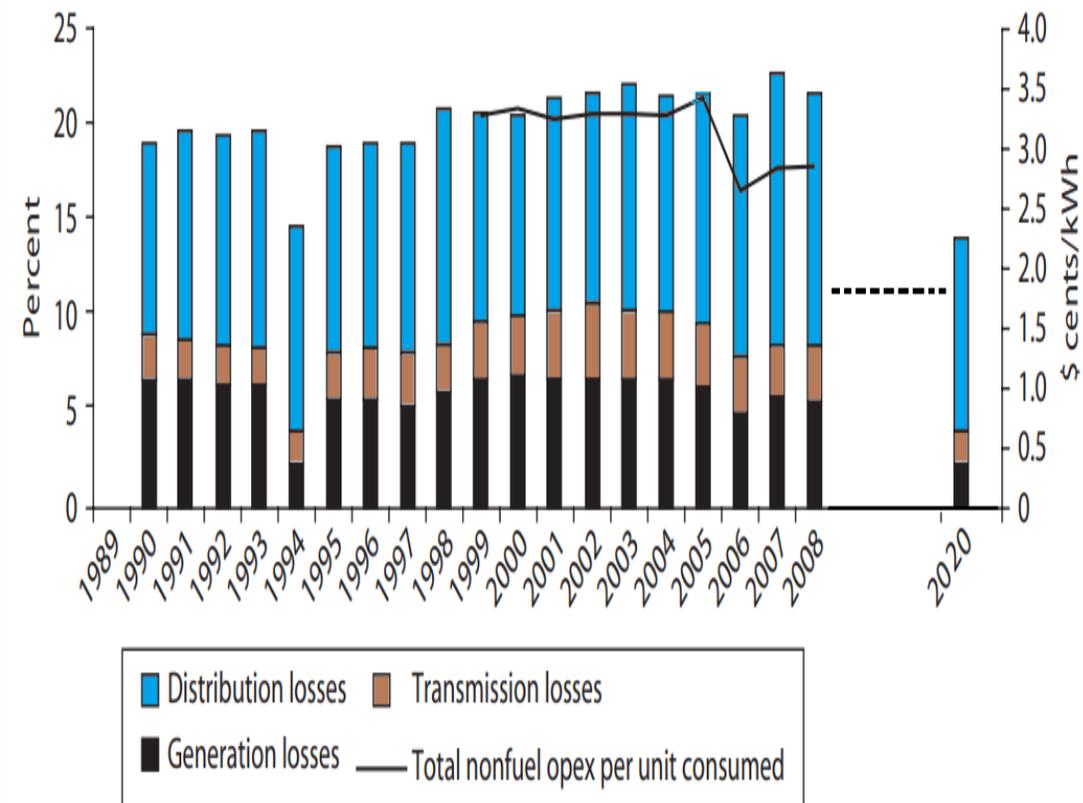
Access to electricity supply

- ACCESS TO ELECTRICITY SUPPLY BY THE POPULATION IN TERMS OF NEW RESIDENTIAL CONNECTIONS. THE JORDANIAN DISTRIBUTORS INCREASED RESIDENTIAL CONNECTIONS STEADILY AT AN AVERAGE ANNUAL RATE OF 5.7 PERCENT FROM 1996 TO 2008. THE PROPORTION OF POPULATION SERVED BY THEM WAS ALMOST 100 PERCENT THROUGHOUT THIS PERIOD.



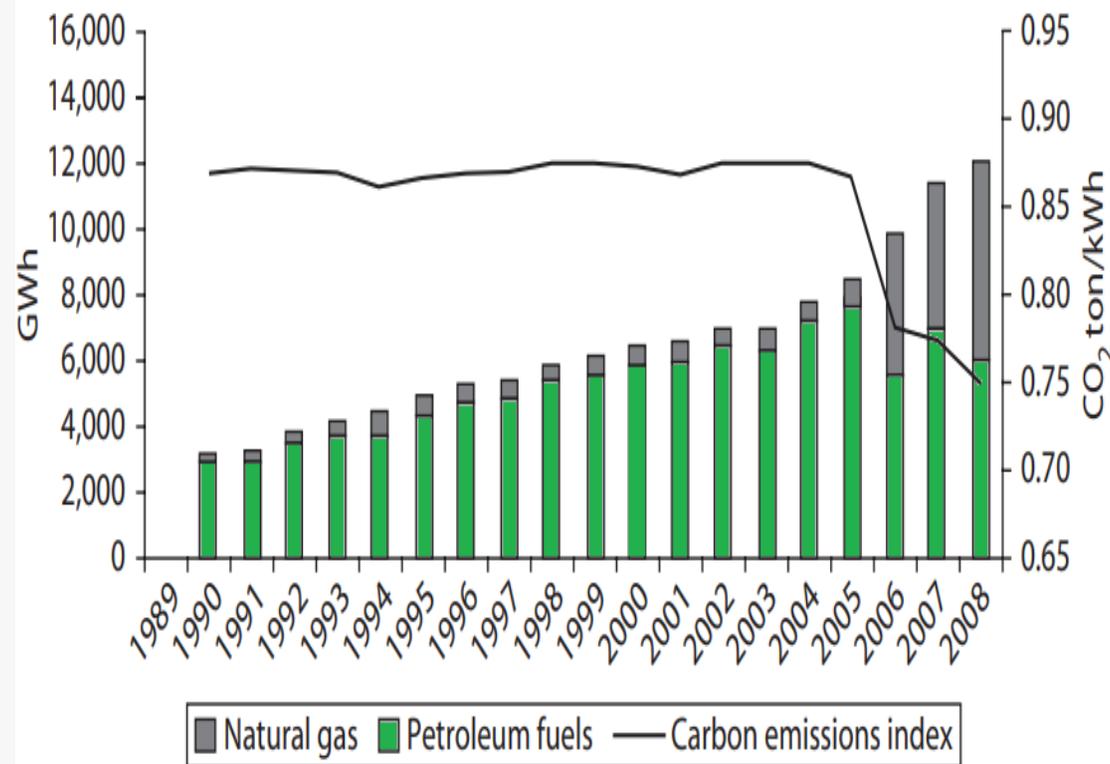
Total system energy losses

- CONTRARY TO EXPECTATIONS ABOUT THE IMPACT OF SECTOR REFORM ON THIS KEY PERFORMANCE VARIABLE, SYSTEM LOSSES INCREASED STEADILY FROM 1996 ONWARD, FROM AROUND 15 PERCENT TO AROUND 18 PERCENT FOR 2005–08. MOST OF THIS INCREASE OCCURRED IN THE DISTRIBUTION SEGMENT, AN AREA THAT NEEDS FIRM REGULATION, ESPECIALLY NOW THAT DISTRIBUTION IS ENTIRELY PRIVATELY OWNED.

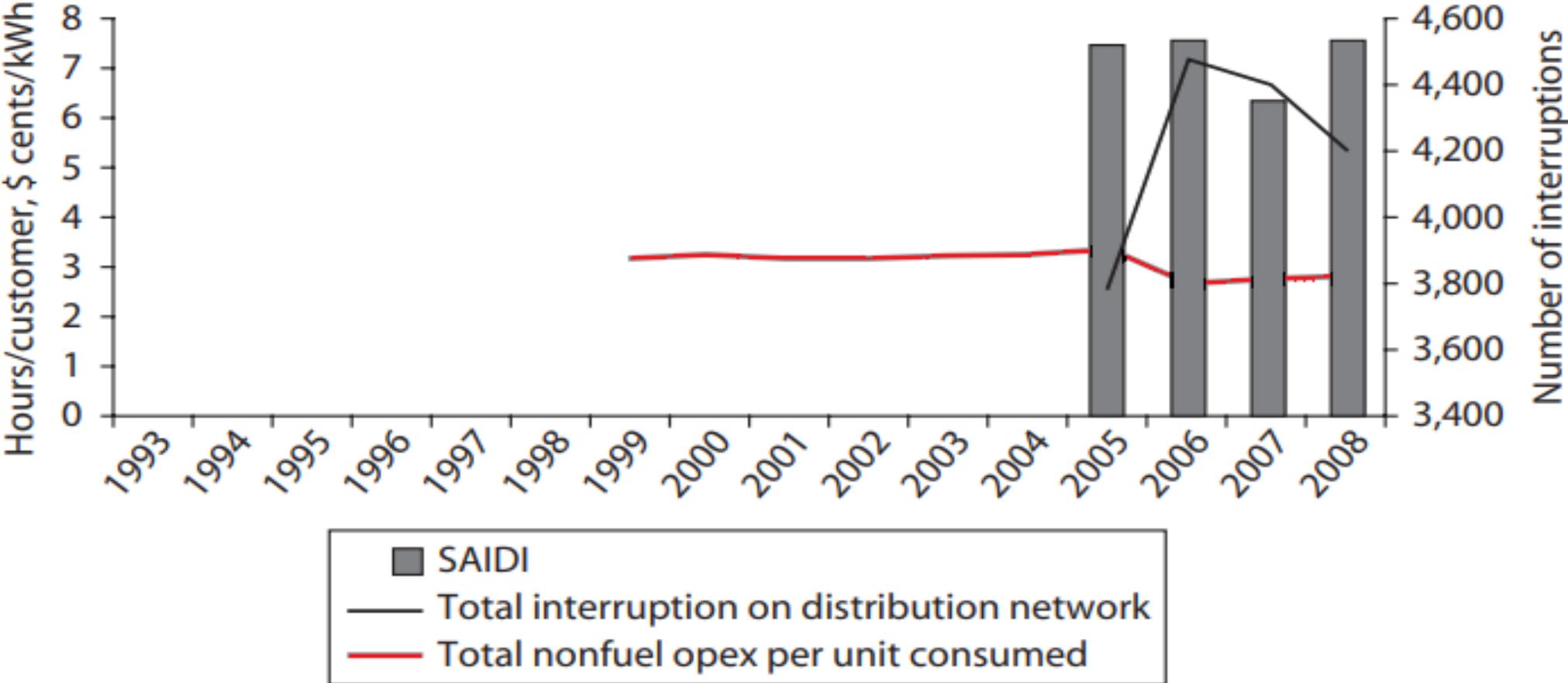


Generation fuel conversion efficiency

- THE INCREASE IN EFFICIENCY REFLECTS THE INTRODUCTION AND EXPANSION OF GAS-FIRED CCGTs (COMBINED CYCLE GAS TURBINES) WITH HIGHER EFFICIENCIES THAN THE EXISTING UNITS THAT RUN ON DIESEL AND HEAVY FUEL OIL.
- CARBON EMISSIONS REDUCTION THESE EMISSIONS FROM POWER GENERATION AS NATURAL GAS-FIRED GENERATION INCREASES AND PARTLY DISPLACES GENERATION FROM LIQUID FUELS



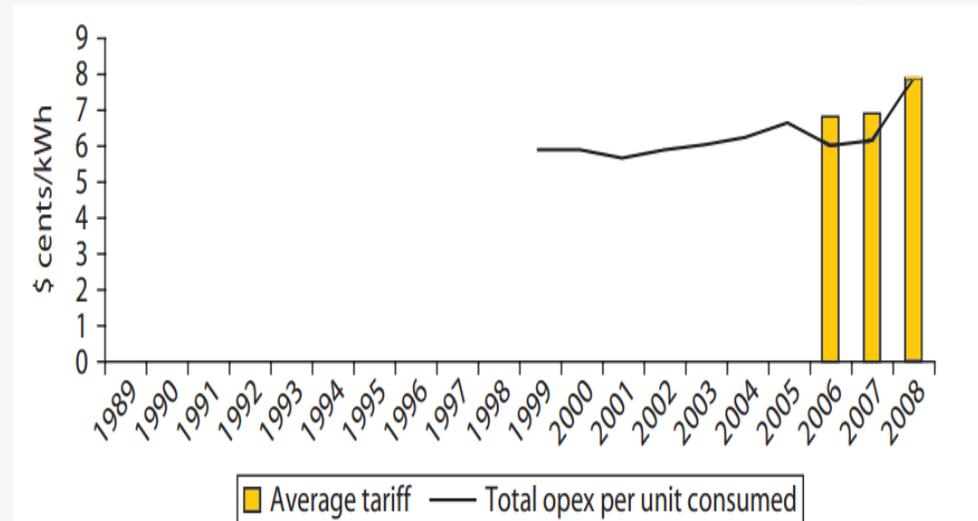
Quality of Electrical services





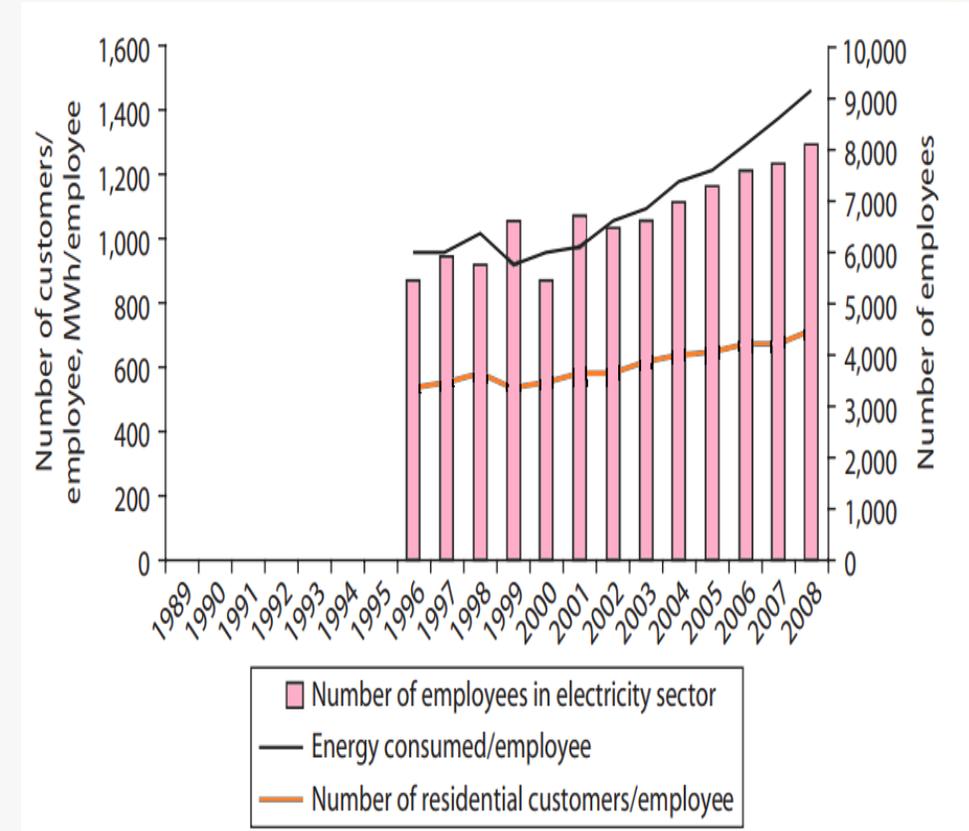
Average Tariff and operating cost

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Labor Productivity

- THE TOTAL NUMBER OF EMPLOYEES IN THE POWER SECTOR INCREASED STEADILY FROM AROUND 5,400 IN 1996 TO ALMOST 8,000 IN 2008, BOTH INDICATORS SHOW A STEADY AND MARKED IMPROVEMENT FROM 2000 ONWARD,





Thank you for listening



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