



The Hashemite Kingdom of Jordan  
**National Electric Power Company**

**NEPCO**



**Annual Report**  
**2011**



# National Electric Power Co. Annual Report 2011



His Majesty  
***King Abdullah II Bin Al Hussein***

Chairman and Board Members of the National Electric Power Company are Honoured to submit the 45<sup>th</sup> Annual Report of the Year 2011 to His Majesty King Abdullah The Second Bin Al-Hussein..



# National Electric Power Co.

## Annual Report 2011



H.R.H Crown Prince  
***Hussein Bin Abdullah II***



# National Electric Power Co. Annual Report 2011

## Board of Directors



Chairman  
**Dr. Abd El-Razzaq Al-Nsour**



Vice Chairman  
**Eng. Farouq Al-Hiyari**  
Secretary General Ministry of  
Energy & Mineral Resources

## Members



**Mr. T. Al-Qatawneh**  
Legislation & Opinion Bureau  
Prime Ministry



**Eng. Asri Qutishat**  
From 3/5/2011



**Dr. Hamzah Jaradat**  
Economic Advisor  
Ministry of Finance  
From 3/5/2011



**Mr. Abdullah Kawaldah**



**Eng. A. Al-Rawashdeh**  
Managing Director  
Samra Electric Power  
Generating Co.  
Until: 3/5/2011



**Eng. Ali Al-Zu'bi**  
Manager / Jordanian Rural  
Electrification Project  
Until: 3/5/2011



**Eng. Nedal Al-Saqarat**  
General Director Department  
of lands and survey  
From: 3/5/2011

## Managing Director



**Dr. Ghaleb Ma'abreh**



# National Electric Power Co.

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### Abbreviations

NEPCO	National Electric Power Company
CEGCO	Central Electricity Generating Company
EDCO	Electricity Distribution Company
JEPCO	Jordan Electric Power Company
IDECO	Irbid District Electricity Company
SEPGCO	Samra Electric Power Generating Company
AES Jordan	Amman East Power Plant
HTPS	Hussein Thermal Power Station
QAIA	Queen Alia International Airport
SS	Substation
G.D.P	Gross Domestic Product
P.S	Power Station
ATPS	Aqaba Thermal Power Station
T.T.O.E.	Thousand Ton of Oil Equivalent
G.T.	Gas Turbine
OHL	Overhead Line
p.a.	per annum
H.F.O	Heavy Fuel Oil
Kgoe	Kilogram of oil equivalent

### Measures

JD	Jordan Dinar ( $10^3$ Fils)
kV	Kilovolt ( $10^3$ Volt)
kVA	Kilovolt Ampere ( $10^3$ Volt Ampere)
MVA	Mega volt Ampere ( $10^3$ kVA)
kW	Kilowatt ( $10^3$ Watt)
MW	Megawatt ( $10^6$ Watt)
kWh	Kilowatt-hour ( $10^3$ Watt-hour)
MWh	Megawatt-hour ( $10^6$ Watt-hour)
km	Kilometer ( $10^3$ Meter)
GWh	Gegawatt-hour ( $10^9$ Watt-hour)



### A Message from Managing Director

Greetings,

National Electric Power Company managed, by the grace of Allah and efforts of all employees, to overcome the difficulties and the challenges witnessed by energy and electricity sector in 2011, where the company showed distinct work and high quality career through managing and operating the electrical system and managing financial resources of the company effectively and efficiently resulting in continuity of achievements to upgrade and elevate electricity sector in Jordan. In this context, the company will spare no effort to achieve its objectives and mission that aim to provide safe and high reliable electric power in order to meet current and future needs of all consumers.



In this context, the company has taken many measures to ensure development of work and handling its great responsibilities; where actions have been carried out to develop and improve infrastructure of National Transmission Network through establishing projects of new substations and transmission lines needed and expanding and renewing existing substations.

Furthermore, it has developed and carried out regular and annual preventive maintenance programs for all elements of National Transmission Network for purpose of developing its performance and reinforcing its achievements.

In 2011, the growth rate of capacities of main substations amounted to about (6.2%), while the growth rate of the lengths of the 132 kV National Transmission Network amounted to (2.8%). The statistical data showed (4.7%) growth of maximum load of the electrical system compared to (15.2%) in 2010, while added generating capacity summed to about (269) MW with a growth rate of (8.7%).

Regarding technical indicators of the company, electrical losses on National Transmission Network summed to about (2.2%) in 2011 compared to (2.1%) in 2010. These rates are considered of the best internationally rates indicating to efficiency of equipment on high voltage network and perfection of managing, operating, and connecting of the network.

Considering the importance of growth and development of human resources, the company has provided training programs and courses in various specifications and fields for purpose of elevating employees' performance level, achieving the highest levels of satisfaction and harmony among the employees, and facilitating causes of success, invention, and excellence in work.

In the scope of health and public safety, the company has still been carrying out its policies that aim to provide employees with excellent health care, take up the latest systems of public safety, career health, and environment, and provide equipment and supplies of public safety and personal protective equipment to employees according to the international specifications in order to ensure the highest levels of security and safety for the employees.

The company emphasizes on its firm adherence to improve living conditions and functional stability of the employees through approving incentive and privileges system to all employees.

Concerning the financial domain, although the company is suffering from severe financial crisis due to dependence on diesel and heavy fuel to produce electricity which in turn led to increase of purchase cost of electric power to become twice the selling price, the company has managed the financial sources efficiently by following strict financial policies to control available cash; in other words, the company has developed priorities to pay up its obligations, and provided necessary liquidity to purchase fuel for power plants in the kingdom by getting many loans upon government's guarantee, where balance of these loans amounted to (1.016) billion J.D in 2011 and at the beginning of 2012.

Finally, I am pleased, on the occasion of issuance of annual report of the company for the year 2011, to present my thanks and appreciation to His Excellency; Chairman of Board and members of board of directors, for their honest and sincere efforts and their role as for achievements of the company. I would like also to present my thanks to all employees for their tireless efforts to support the company, reinforce its achievements, upgrade its efficiency, and elevate it toward excellence locally and regionally.

We ask Allah to help us carry out the noble mission of the company, achieve its aspiring vision, and serve the home and citizens under his Majesty King Abdullah II Ibn Al Hussein.

*Dr. Ghaleb Ma'abreh*



Managing Director



## National Electric Power Company(NEPCO)

### Vision

To elevate the Company's status in all aspects to world standards at the same class of the best regional and international electric utilities.

### Mission

Provision of secured electric energy; with high levels of reliability of the electric power system; and continuity of supply of electric energy demand at economical prices pursuant to international quality standards; meeting environmental requirements and good business practice in exchanging electric energy with neighboring countries; a consolidation of corporate governance at the company; achieving optimal investment in the infrastructure of the electric power transmission grid for the benefit of society; contribution in the technology transfer; attraction of national and international investments in electricity sector and creation of job opportunities for Jordanian professionals.

## Energy and Electricity in 2011

The year 2011 is considered the most difficult year for the energy and electricity sector in Jordan due to the current political conditions in the region which in turn mainly contributed to increasing challenges facing this sector since Jordan imports more than (97%) of its oil needs and that about (80%) of electric power generated in Jordan depends on the natural gas imported from Egypt which in turn has witnessed a great reversion this year, where daily supply rate has amounted to about (92) million cubic feet, while the regular need of Jordan is about (255) million cubic feet. This required operating power plants using heavy fuel and diesel to meet electric power demand. In spite of these challenges, energy sector in Jordan has been able to continue its achievements and keep pace with recent and rapid developments by meeting the growing demand for different energy sources in general and electric power in particular. However, it has become urgent to find the appropriate solutions to face this fact in the light of the comprehensive national strategy of energy sector and the future vision derived from it which includes the need to utilize local energy sources depending on oil shale, uranium, use nuclear energy instead of oil to generate electric power, increase renewable energy sources projects, reinforce regional interconnection projects, and create opportunities for the private sector to invest in infrastructure projects of energy sector. This strategy seeks to increase reliance on local and renewable energy from (4%) in the current year to (13%) in 2016, then to (39%) in 2020.

In this context, the most prominent achievements in 2011 were as follows:

### Electricity Sector:

Expanding Samra Power Plant (third phase) project was completed, by adding two gas turbines with capacity of (142) MW for each, operated by simple cycle system where the total generating capacity of the plant has become about (884) MW. It is expected to add a steam turbine with capacity of (142) MW by 2015 where the total generating capacity of the plant will become about (1026) MW. Accordingly, the plant will become one of the most important power plants in the Kingdom in terms of capacity and efficiency. This will consequently reinforce generating capacities of Jordan's Electrical System to face growing electrical loads and meet the continuous increasing demand on the electric energy.

Commercial operation of Qatrana power plant (second private generating project) has started at the beginning of 2011, where two steam turbines are currently operating with capacity of about (256) MW using simple cycle system. Moreover, a steam turbine with capacity of (126) MW was added at the end of 2011 which enabled the plant to operate with combined cycle technology which burns natural gas as primary fuel and diesel as secondary fuel where the total capacity of the plant will become (382) MW.

The Ministry of Energy and Mineral Resources, has assigned NEPCO to issue the (IPP3) tender and attracted technical and financial offers of the project, where technical and financial evaluation of such offers to select the best one has completed where negotiation and signing agreements phase is currently in progress. This project is to establish a power plant in Amman-East area with generating capacity of (350-600) MW operated by heavy fuel as primary fuel and diesel as secondary fuel provided the plant should be also able to burn natural gas. The project's cost is about (550) million J.D, it is expected to operate the project and start production by summer 2013. In the same context, the company received offers of establishing the (IPP4) for purpose of establishing a power plant with a generating capacity of about (250) MW where two power generating companies in Jordan offered their offers which were studied and negotiation with the first ranked bidder is currently in progress.

It is worth mentioning that (IPP1) (Amman-East Power Plant-Al Manakher) has started commercial operation for the first phase since 2008 using simple cycle system as a first phase with generating capacity of (248) MW. The second phase was completed in 2009 by adding a steam turbine with capacity of (132) MW, consequently, the plant is operated by combined cycle technology which burns the natural gas as primary fuel and diesel oil as secondary fuel with capacity of (380) MW.

### Energy Sector:

Jordan Atomic Energy Commission spared no effort to carry out the national strategy as for the peaceful uses of atomic energy by using Jordan's Nuclear Program that aims to utilize and invest Jordan's uranium since it deems to be a local energy source and a strategic choice to provide economical, sustainable, and eco-friendly electric



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power meeting the growing needs. In this context, the commission signed several agreements and memoranda of understanding between government of Jordan and governments of developed countries in nuclear field for purpose of commencing cooperation with these countries and transfer of experiences to Jordan, in order to start producing uranium and establishing the first electric power plant depending on nuclear energy in 2020.

For purpose of utilizing renewable energy and complying with goals of national strategy of energy sector aiming to increase participation of renewable energy sources in mixture of generated electric power through establishing some projects to generate electric powers by using wind, solar power and biogas. Some offers were received to invest in this field in 2011, such offers are currently being studied which include establishment of projects to generate electric power by using wind power (Kamsha, Fujij, and Wadi Araba) with generating capacity of about (600) MW, and establishment of other projects by using solar power with production capacity of about (150) MW.

In the light of above, the strategy aims to increase participation of renewable energy sources from current (1%) to (7%) by 2015, and then (10%) by 2020.

The government, through Ministry of Energy and Mineral Resources/ Natural Resources Authority, proceeded with procedures of establishing project of producing oil and electric power from oil shale. It is expected to start establishing the first plant to produce oil from oil shale at EL-Lajjun Area of Karak governorate mid-2012, provided, however, the actual production should start in 2015 with capacity of (15) thousand barrels per day then to increase quantities in future phases to reach about (50) thousand barrels per day by 2020.

National Electric Power Company has continued its final negotiations with (ESTI ENERGIA) Estonian company to reach a fair agreement between both Jordanian and Estonian parties to commence establishing project of generating electric power by using direct combustion of oil shale technology with generating capacity of (430) MW. It should be noted that the importance of this project lies in providing local fuel source and reducing burdens of costs of energy imports, noting that it is expected that the project will be operated and the production will be started at the end of 2016.

A memorandum of understanding has been signed between the Government, through National Electric Power Company and Al Lajjun for Oil Shale Investment Company,

and (HTG) Chinese company, for purpose of establishing electric power plant operated by using oil shale with capacity of (600-900) MW, which might be expanded more in the future. Its expected that the project will be operated during the period (2017-2018). The preliminary drilling and explanatory studies have shown positive results and propitious reserves, where Jordan's reserve of oil shale is estimated of more than (42) billion ton containing more than (4) billion ton of oil equivalent. Therefore, Jordan is considered one of the five richest countries in the world as for oil shale. It is expected that the oil shale will participate in a portion of (13%) of total generated electric power in 2017 and (30%) in 2020.

### National Electric Power Company

National Electric Power Company spared no efforts during 2011 to meet electric power demand through developing and implementing appropriate planning strategies and studies as well as carrying out all operating procedures and regular and annual preventive maintenance upon all elements of national transmission network for purpose of supplying electric current to the consumers with the best international specifications and standards from various available sources at the lowest possible cost while maintaining security and safety of the electrical system.

In this regard, in 2011 National Electric Power Company implemented some electrical projects over the kingdom in order to develop and enhance national transmission network, where main electricity Substations were built and expanded 400/132/33 kV and 132/33 kV and 400 kV and 132 kV transmission lines were built that are necessary to connect the new substations and generating stations with the electrical system for purpose of developing electric power industry sector in the Kingdom and controlling the electrical system effectively and efficiently using the best international specifications. In 2011, the capacity of main Substations in the Kingdom were (10303) MVA, while the length of the 400 kV, 132 kV transmission lines were (904), (3200) km circuits respectively.

Furthermore, in 2011, the company renewed electric power exchange contract with Egyptian Electricity Transmission Company for the year 2012 in order to meet Kingdoms' requirements as to providing its needs of electric power as much as possible. It is expected that the quantity of electric power imported from Egypt to be about (552) GWh in 2012.

Concerning electric power exchange with the Syrian Electricity Transmission Corporation, the contract for the

year 2012 has been renewed in January, 2012.

The peak load of the electrical system was (2660) MW in 2011 where the peak load of the electrical system was recorded in July, while the peak load was (2540) MW in August, 2010. It is expected that the peak load of the electrical system will be (2865) MW in 2012.

It is worth mentioning that the actual generating capacity of Jordan's electrical system was (3366) MW in 2011 compared to (3097) MW in 2010. It is expected that the required generating capacity will reach to (5000) MW in 2020, with annual growth rate of (6.0%).

### Jordanian Economy

The Gross Domestic Product (GDP) in Jordan for the year 2011 was (20476.4) million JDs compared with (18762.1) million JDs in 2010 with a growth rate (9.1%) in current prices and (4.4%) in fixed prices compared with

(10.9%) in current prices and (5.7%) in fixed prices in the year 2010.

The inflation rate (measured by the relative change in the cost of living index) was (4.5%) in the year 2011 against (5.0%) in the year 2010.

### Demand for Primary Energy

Demand for primary energy in 2011 was about (7457) thousand tons of oil equivalent (T.T.O.E) with a growth rate of (1.4%) in the year 2011 against a growth rate of negative (4.9%) in 2010.

The average per capita consumption of primary energy in 2011 was about (1194) kg of oil equivalent (K.O.E) against (1204) kg of oil equivalent (K.O.E) in 2010.

**Table (1) Gross Domestic Product and Energy Demand in Jordan**

Year	GDP in Current Price (Million JD)	Cost of Living Index (%) (2006=100%)	GDP Growth in Real Terms (%)	Total Energy Demand (Fuel) (T.T.O.E)	Total Energy Demand Growth (%)
2006	10675.4	100.0	12.6	7187	2.3
2007	12131.2	104.7	8.5	7438	3.5
2008	15593.4	119.3	12.8	7335	(1.4)
2009	16912.2	118.5	9.2	7739	5.5
2010	18762.1	124.4	5.7	7357	(4.9)
2011*	20476.4	130.0	4.4	7457	1.4

\* Preliminary

**Table (2) Cost of Energy Relative to The National Economy**

Year	Cost of Consumed Crude Oil Relative to		
	Exports (%)*	Imports (%)	GDP (%)
2006	60.6	23.4	17.2
2007	66.1	23.5	18.1
2008	57.7	22.9	17.2
2009	50.1	19.2	10.9
2010	52.2	21.4	12.0
2011**	73.9	29.2	18.2

\* Exports + (30%) Re-Export    \*\* Preliminary



### Statistics and Performance Indicators for Electricity Sector in Jordan

Tables (3) and (4) highlight the statistics and performance indicators for the electricity sector in the Kingdom which show increment in the electricity demand as identified in the peak demand and consumed electrical energy figures.

**Table (3): Significant Figures for Electricity Sector in Jordan**

		2010	2011	(%)
Peak load (MW)	Generated	2670	2790	4.5
	Sent-out	2560	2680	4.7
Available Capacity (MW)		3237	3505	8.3
Generated Energy (GWh)		14777	14647	(0.9)
Consumed Energy (GWh)		12857	13535	5.3
Energy Exported( GWh)		58	86	48.3
Energy Imported (GWh)		670	1738	159.3
Loss Percentage (%)		16.40	16.87	—
Average(kWh) Consumed Per Capita		2517	2610	3.7
Electricity Fuel Consumption*		3270	3165	(3.2)
No. of Consumers(Thousands)		1498	1574	5.1
Average No. Of Employees		7850	7749	(1.3)

\* T.T.O.E

**Table (4): Performance Indicators for Electricity Sector in Jordan**

	2010	2011	(%)
<b>1.Manpower Indicators</b>			
Annual Productivity (MWh Generated/Employee)	1928	2079	7.8
Installed Capacity (MW/Employee)	0.39	0.43	10.3
No. of consumers Per Employee	191	203	6.3
<b>2. Financial Indicators</b>			
Total Cost per kWh Sold (Fils)	68.27	131.80	93.1
Fuel Cost per kWh Sold (Fils)	44.11	106.43	141.3
Non Fuel Cost per kWh Sold (Fils)	24.16	25.37	5.0
Average Heavy Fuel Price(JD/Ton)*	363.11	482.50	32.9
<b>3. Technical Indicators</b>			
Thermal Efficiency of Generating plants (%)	38.90	39.80	--
Availability of Generation Units (%)	96.73	94.16	--
Total Energy Losses (%)	16.40	16.87	--

\* The price is the average during the year

### Statistics and performance indicators for NEPCO

NEPCO has followed the large increase in the electricity demand. NEPCO, in this regard, has increased the installed capacity of the main substations by constructing new substations and/or expanding the existing substations in addition to constructing new transmission lines. Furthermore, NEPCO improved its performance indicators through increased productivity, and maintain the losses at its transmission network within the best ratios in the world.

**Table (5): NEPCO's Significant Figures**

		2010	2011	(%)
Peak load for Interconnected System (MW)	Generated	2650	2770	4.5
	Sent-out	2540	2660	4.7
Available Capacity for Interconnected System (MW)		3097	3366	8.7
Purchased energy (GWh)		14562	15477	6.3
Sold Energy (GWh)		14259	15132	6.1
Transmission Losses (%)		2.08	2.23	--
National Grid Transmission Lines 132 kV and above (Km-Circuit)		4035	4121	2.1
Substations Installed Capacities 132/33kV (MVA)		5897	6263	6.2
Substations Installed Capacities 400/132/33kV (MVA)		3760	3760	--
No. of Employees		1345	1312	(2.5)
NEPCO's Fixed Assets (Million JD)		530	533	0.4

**Table (6): NEPCO's Performance Indicators**

	2010	2011	(%)
<b>1. Manpower Indicators</b>			
Annual Productivity (GWh Sold/Employee)	10.6	11.5	8.5
Transforming Installed Capacity (MVA/Employee)	7.4	7.9	6.8
<b>2. Financial Indicator</b>			
Total Cost (Fils/kWh sold)	58.50	120.03	105.2
Cost of Energy Purchased (Fils/kWh sold)	53.74	114.84	113.7
Other Costs (Fils/kWh sold)	4.76	5.19	9.0
Revenues (Fils/kWh) sold	47.27	53.41	13.0
Current Ratio (Times)	0.37	0.19	(48.6)
Net Profit (Loss) Ratio (%)	(23.0)	(125.3)	-
Total Debt to Total Assets Ratio (%)	30.1	110.1	-
<b>3. Technical Indicator</b>			
Transmission Losses (%)	2.08	2.23	-
Number of Interruption	57	71	24.6
Unsupplied Energy (MWh)	5878	1417	(75.9)
Average Interruption Duration (Min/ Interruption)	27.47	18.31	(33.3)
Average Unsupplied Energy (MWh/ Interruption)	103	20	(80.6)
Interruption Duration (Min)	1566	1300	(17.0)

### Demand for Electricity

Electricity consumption in the Kingdom amounted to (13534.9) GWh in the year 2011 against (12857.4) GWh in 2010, with an annual increase of (5.3%). The average electricity consumption per capita was (2167) kWh in 2011 against (2103) kWh in 2010 with a growth rate of (3.0%).

The Sectorial distribution of electricity consumption in 2011 was as follows:

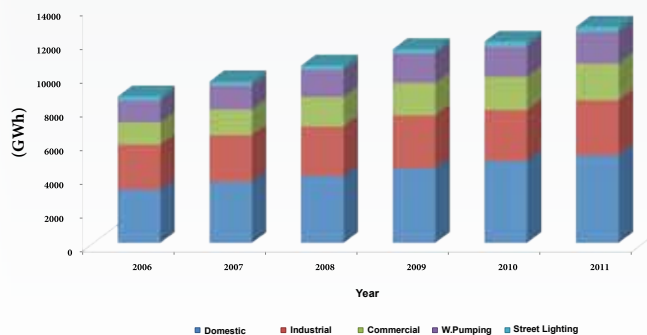
Sector	Consumption (%) Weight	Growth Rate (%)
Domestic *	41.9	8.5
Industrial	25.7	6.9
Commercial	16.1	(0.6)
Water Pumping	14.0	1.6
Street Lighting	2.3	(1.7)

\* Includes : (6%) Governmental + (1.5%) others

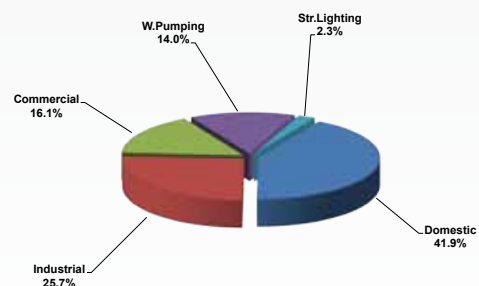
**Table (7): Electrical Energy Consumption by Sector Type (GWh)**

	Domestic	Industrial	Commercial	Water Pumping	Street Lighting	Total
EDCO	696.8	327.9	272.3	1003.1	62.4	2362.5
JEPCO	3892.0	1882.0	1649.7	440.5	144.2	8008.4
IDECO	1078.7	312.5	188.7	455.2	103.2	2138.3
Industrial Companies	-	963.1	-	-	-	963.1
Other Companies	-	-	62.6	-	-	62.6
<b>Total 2011</b>	<b>5667.5</b>	<b>3485.5</b>	<b>2173.3</b>	<b>1898.8</b>	<b>309.8</b>	<b>13534.9</b>
2010	5225	3262	2187	1868	315	12857
2009	4888	3006	1980	1772	310	11956
2008	4459	3128	1925	1713	284	11509
2007	4017	2918	1757	1592	269	10553
2006	3651	2757	1528	1396	261	9593

**Fig(1) Electrical Energy Consumption in Jordan by Sector Type (2006-2011)**



**Fig(2) Sectorial Distribution of Electrical Consumption in Jordan 2011**





**Table (8): Electrical Energy Consumption in Jordan (GWh)**

	2008	2009	2010	2011	(%)
1. EDCO's Areas	1928.5	2043.8	2293.8	2362.5	3.0
2. JEPCO's Areas	6692.9	7016.7	7559.5	8008.4	5.9
3. IDECO's Areas	1596.9	1776.0	1983.8	2138.3	7.8
4. Industrial Companies	1233.7	1061.1	957.5	963.1	0.6
Refinery	104.4	98.7	81.7	102.8	25.8
Cement Factory	231.8	212.1	177.7	145.2	(18.3)
EL-Hasa Phosphate	45.9	47.4	47.8	50.6	5.9
Sheidiyah Phosphate	76.6	71.4	71.5	69.5	(2.8)
Potash Co.	314.8	223.7	338.0	390.7	15.6
Fertilizer Co.*	107.3	112.9	113.8	102.1	(10.3)
South Cement Co.	240.1	204.9	87.8	47.9	(45.4)
Al-Hadeetha Cement Co.	--	--	--	0.1	-
Al-Rajhi Cement Co.	--	--	--	17.8	-
Indo-Jordan Chemicals Co.	34.9	32.2	39.2	36.4	(7.1)
Jordan Bromine Co.	77.9	57.7	--	--	--
5. Queen Alia Airport	53.6	56.0	60.9	61.9	1.6
6. Haraneh B.Station	3.3	2.7	0.9	0.6	(33.3)
7. Others	--	--	1.0	0.1	(89.9)
<b>Total</b>	<b>11508.9</b>	<b>11956.3</b>	<b>12857.4</b>	<b>13534.9</b>	<b>5.3</b>

\* EDCO's sales to Fertilizer are not included



Table (9): Number of Consumers in Jordan (Thousands)

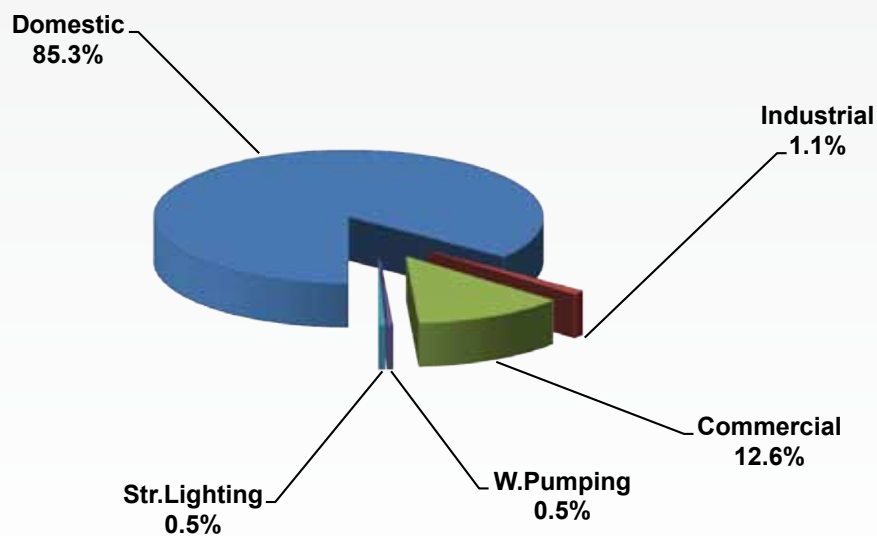
	2008	2009	2010	2011	(%)
NEPCO *	0.016	0.016	0.015	0.017	13.3
EDCO	163.2	172.1	180.8	190.0	5.1
JEPCO	881.0	928.5	973.8	1022.1	5.0
IDECO	307.5	325.2	343.1	362.0	5.5
<b>Total</b>	<b>1351.7</b>	<b>1425.8</b>	<b>1497.7</b>	<b>1574.1</b>	<b>5.1</b>

\* This represents the distribution companies and other large consumers.

Table (10): Number of Consumers by Type of Consumption in Jordan for the Year 2011

	Domestic	Industrial	Commercial	Water Pumping	Street Lighting	Bulk Sales	Total
1. NEPCO's Areas	-	6	8	-	-	3	17
2. EDCO's Areas	160752	1613	22046	4177	1395	-	189983
3. JEPCO's Areas	867790	11023	136617	1535	5165	-	1022130
4. IDECO's Areas	317116	3799	36978	1931	2224	-	362048
<b>Total</b>	<b>1345658</b>	<b>16441</b>	<b>195649</b>	<b>7643</b>	<b>8784</b>	<b>3</b>	<b>1574178</b>

Fig(3) Sectorial Distribution of Consumers in Jordan in 2011



### Electrical Energy Generated in Jordan for the year 2011

The generated and imported energy in the Kingdom amounted to (16385) GWh in 2011 compared with (15447) GWh in 2010 with an annual growth rate of (6.1 %). The total generated energy in the kingdom amounted to (14647) GWh in 2011 with an annual growth rate of negative (0.9%), CEGCO contributed with (55.0%) of the total generated energy in the kingdom, Al-Samra Generation Company contributed with (24.6%), Amman- East generation company (Al-Manakher) contributed with (15.5%), Al-Qatrana Generation Company

contributed with (3.1%) and other corporations contributed with (1.8%) of the total generated energy.

The demand on electricity continued in increasing during the year 2011, the total peak load in the Kingdom reached to (2680) MW compared to (2560) MW in 2010 with a growth of (4.7%) while the interconnected system reached (2660) MW on July, 2011 compared to (2540) MW on August, 2010 with a growth rate of (4.7%).

**Table (11): Available Capacity of Generating Plants (MW)**

Year	Steam	Diesel Engines	Gas Turbines		Combined Cycle	Hydro Units	Wind Energy	Biogas	Total
			Diesel	N.Gas					
2008	1013	43	193	658	600	12	1.4	3.5	2524
2009	1013	--	179	410	980	12	1.4	3.5	2599
2010	1013	--	179	608	1280	12	1.4	3.5	3097
2011	1013	--	179	495	1662	12	1.4	3.5	3366

**Table (12): Fuel Consumption for Electricity Generation (T.T.O.E)**

	2008	2009	2010	2011	( % )
<b>1. Electricity Sector</b>	<b>3182</b>	<b>3356</b>	<b>3194</b>	<b>3092</b>	<b>(3.2)</b>
CEGCO	2098	1940	1804	1856	2.9
SEPGCO	831	848	734	690	(6.0)
AES Jordan	253	568	640	436	(31.9)
QEPCO	-	-	16	110	587.5
<b>2. Industrial Companies with Self Generation</b>	<b>93</b>	<b>74</b>	<b>76</b>	<b>73</b>	<b>(3.9)</b>
<b>Total</b>	<b>3275</b>	<b>3430</b>	<b>3270</b>	<b>3165</b>	<b>(3.2)</b>
All Jordan Fuel Consumption	7335	7739	7357	7457	1.4
Electricity Fuel Consumption to Total Fuel Consumption (%)	44.7	44.3	44.4	42.4	--

**Table (13): Electricity Fuel Consumption by Type of Fuel(T.T.O.E)**

	2008	2009	2010	2011	( % )
<b>1. Electricity Sector</b>	<b>3181.6</b>	<b>3356.1</b>	<b>3194.1</b>	<b>3092.7</b>	<b>(3.2)</b>
Heavy Fuel	468.7	258.2	810.0	1284.2	58.5
Natural Gas	2697.4	3079.8	2282.5	848.5	(62.8)
Diesel	15.5	18.1	101.6	960.0	844.9
<b>2. Industrial Sector</b>	<b>93.0</b>	<b>74.0</b>	<b>76.2</b>	<b>72.6</b>	<b>(4.7)</b>
Heavy Fuel	93.0	74.0	71.4	70.6	(1.1)
Diesel	--	--	4.8	2.0	(58.3)
<b>Total</b>	<b>3274.6</b>	<b>3430.1</b>	<b>3270.3</b>	<b>3165.3</b>	<b>(3.2)</b>

**Table (14): Electrical Energy Generated and Imported in Jordan (GWh)**

	2008	2009	2010	2011	(%)
<b>1. Interconnected System</b>	<b>14177</b>	<b>14450</b>	<b>15257</b>	<b>16205</b>	<b>6.2</b>
CEGCO	8851	8009	7655	8051	5.2
SEPGCO	3736	3629	3467	3597	3.7
AES Jordan	896	2350	3287	2267	(31.0)
QEPCO	--	--	53	454	756.6
Potash Co.	64	--	35	11	(68.6)
Indo-Jordan Chemicals Co.	59	58	66	66	--
King Talal Dam	15	14	15	13	(13.3)
Jordan Biogas Company	9	7	9	8	(11.1)
Imported Energy from Egypt	534	363	446	1458	226.9
Imported Energy from Syria	13	20	224	280	25.0
<b>2. Other Large Industries</b>	<b>208</b>	<b>205</b>	<b>190</b>	<b>180</b>	<b>(5.3)</b>
Refinery	93	84	68	70	2.9
Fertilizer Co.	115	121	122	110	(9.8)
<b>Total</b>	<b>14385</b>	<b>14655</b>	<b>15447</b>	<b>16385</b>	<b>6.1</b>
<b>Growth Rate ( % )</b>	<b>8.9</b>	<b>1.9</b>	<b>5.4</b>	<b>6.1</b>	

**Table (15): Electrical Energy Production by Type of Generation in Jordan (GWh)**

	2008	2009	2010	2011	(%)
<b>1. Electricity Sector</b>	<b>13507</b>	<b>14009</b>	<b>14486</b>	<b>14390</b>	<b>(0.7)</b>
Steam Units	5726	5424	4824	5474	13.5
Gas Turbines / Diesel	41	57	407	314	(22.9)
Gas Turbines / Natural Gas	2622	3065	1620	574	(64.6)
Diesel Engines / HFO	1	1	1	1	--
Hydro Units	62	59	61	55	(9.8)
Wind Energy	3	3	3	3	--
Biogas	9	7	9	8	(11.1)
Combina Cycle	5043	5393	7561	7961	5.3
<b>2. Industrial Sector</b>	<b>331</b>	<b>263</b>	<b>292</b>	<b>257</b>	<b>(11.7)</b>
Steam Units	331	263	267	247	(7.5)
Diesel Engines / HFO	-	-	24	10	(58.3)
<b>Total</b>	<b>13838</b>	<b>14272</b>	<b>14777</b>	<b>14647</b>	<b>(0.9)</b>

**Table (16): Electrical Energy Production by Type of Fuel in Jordan (GWh)**

	Heavy Fuel Oil	N. Gas	Diesel	Other Energy Resources*	Total
CEGCO	5390.7	1032.1	1583.2	44.7	8050.7
SEPGCO	-	1026.0	2571.0	-	3597.0
AES (Al-Manakher)	-	1484.2	783.3	-	2267.5
QEPCO	-	416.5	37.1	-	453.6
Industrial Sector	247.1	-	9.7	-	256.8
King Talal Dam	-	-	-	13.0	13.0
Jordan Biogas Company	-	-	-	8.0	8.0
<b>Total 2011</b>	<b>5637.8</b>	<b>3958.8</b>	<b>4984.3</b>	<b>65.7</b>	<b>14646.6</b>
2010	3653.5	10517.5	533.0	72.8	14776.8
2009	1159.4	12985.7	57.9	68.9	14271.9
2008	2128.0	11589.6	46.3	74.2	13838.1
2007	2171.8	10714.7	40.5	73.5	13000.5

\* Wind + Biogas + Hydro

### NEPCO's Activities

NEPCO continued carrying out the missions assigned to it to achieve the following objectives:

- Conducting the planning studies on the needs of the electric power system in the Kingdom including the generation capacity, main substations and transmission lines.
- Planning, construction, development, operation, maintenance and management of the control systems, transmission networks and the electric interconnection.
- Management of the processes of purchasing, transmission, controlling and selling of the electric energy inside Jordan and to the neighboring countries, in addition to conducting the planning studies required in this field.
- Providing services, consultations and studies regarding to the electric energy to various parties inside and outside Jordan.
- Setting a comprehensive quality control system for all NEPCO's activities and following up its implementation and development
- Purchasing natural gas to meet the needs of the power

stations and selling it to the electricity generation companies.

- Exploitation of domestic sources of energy and renewable energy
- Rationalization of electricity consumption

During the year 2011, NEPCO has implemented many substations and transmission projects, in addition to carrying out various essential activities which aim to enhancing and developing the national transmission grid. NEPCO commenced the implementation of another number of projects which will be completed in the coming years.

The projects and activities of NEPCO can be summarized as follows:

#### 1) Substations Projects.

##### 1-1) 400 kV Substation project.

Expanding Amman-South substation of 400 kV by adding 400 kV transformer bay with a capacity of 400 MVA. The estimated cost of the project is about (7.5) million JD. The project was completed and operated during the third quarter of 2011.





### 1-2) 132kV Substation Projects

**Table (17): Projects of Expanding of Existing Main Substations 132/33 kV.**

Substation	Additions				Operation Date	Estimated Cost (Million JD)
	transformer MVA	132 kV bays	33 kV bays	Capacitors MVar		
Irbid 33 kV	-	3	18	4x10	1st Quarter/ 2012	1.6
Ma'an 132/33 kV	2x45	2	17	-	-	2.3
Al-Rashadih 132/33 kV	1x45	1	5	-	-	0.8
Al-Hashimiah 132/33 kV	1x45	4	2	-	-	1.3
Al-Shidiah 132/33 kV	1x40	2	5	-	2nd Quarter/2012	2.1
Al-Qweirah 132/33 kV	-	7	-	-	3rd Quarter/2012	1.8
Deissi 132/33 kV	2x80	5	12	4x10	2nd Quarter/2012	4.8

**Table (18): Projects of Constructing of New Substations**

Substation	Components				Operation Date	Estimated Cost (Million JD)
	transformer MVA	132 kV bays	33 kV bays	Capacitors MVar		
Al-Rajihi Cement 132/33 kV	2x63	4	-	-	1st Quarter/2011	2.9
City Center 132/33 kV	3x80	10	35	8x10	3rd Quarter/ 2011	10.0
Al-Mafraq 132/33 kV	4x80	8	19	8x10	1st Quarter/2011	8.6
Al-Samra 132/33 kV	-	13	-	-	1st Quarter/2011	3.7
Al-Muwagger 132/33 kV	2x80	10	8	4x10	3rd Quarter/2012	4.6
Al-Muwagger Industrial state 132/33 kV	2x80	2	2	-	1st Quarter/2012	2.8
Irbid East 132/33 kV	3x80	8	23	6x10	3th Quarter/2012	3.8
Al-Manarah 132/33 kV	3x80	15	26	6x10	1st Quarter/2012	9.1
Al- Karak New 132/33 kV	2x63	6	17	4x7.5	-	3.7

**Table (19): Main Substations Installed Capacity (MVA):**

Year	400/132/33 kV	230/132 kV	132/33 kV	132/6 kV	132/11 kV
2008	2560	100	4508	75	25
2009	2560	100	5097	75	25
2010	3760	100	5897	155	25
2011	3760	100	6263	155	25

### 2- Transmission Lines Projects (400 & 132) kV

**Table (20): Completed and Under Construction Projects**

Project	Produced Transmission lines	Circuit	Voltage kV	Length of line Km-Circuit	Complation Date
Al-Haditha Cement Factory Branched From QAIA-(Al-Qatraneh) T.L	Al-Haditha Cement – QAIA	Single Circuit	132	4.7	1st Quarter/2010
	Al-Haditha Cement – Al-Qatraneh	Single Circuit	132		
Al-Mafraq Industrial Estate	With Amman North – Rehab	Double circuit	132	25 25	3rd Quarter 2010
	With Al-Dhalil - Sabha	Double Circuit	132		
Connection Al-Samra S/S	With Zarqa – Rehab T.L	Quadratic Circuit	132	9	1st Quarter 2010
	With Zarqa – Al-Dhalil T.L	Quadratic Circuit	132	5	
Connection of Amman North S/S	With Amman Centre S/S	U/G Cable Double Circuit	132	13	1st Quarter 2011
Connection of Amman East S/S	With Al-Manarah S/S	Quadratic Circuit	132	10	2nd Quarter 2010
Connection of Amman East S/S	With Al-Mowaqar S/S	Double Circuit	132	15.6	1st Quarter 2011
Connection of Madaba South S/S	With QAIA – Sweimah T.L	Double Circuit	132	2	1st Quarter 2011
Connection of Irbid East S/S	With Rehab – Al-Hassan T.L	Double Circuit	132	18.5	2nd Quarter 2012
Connection of Al-Muwaggar S/S	with sahab - AL-Etha,a	Double Circuit	132	1.3	1st Quarter 2012
Al-Rajihi Cement		Double Circuit	132	11	1st Quarter 2011
Connection of Al -Mawaqar Industrial state S/S	with sahab - AL-Etha,a	Double Circuit	132	2.2	1st Quarter 2012
Connection of AL-Abdaly S/S	With Al-Zarka - Amman South	Double Circuit	132	1.5	2nd Quarter 2012
Connection of AL-Shediyah S/S	With Al-Desi S/S	Single Circuit	132	70	1st Quarter 2012
Connection of AL-Qweirah S/S	With Al-Desi S/S	Single Circuit	132	64	2nd Quarter 2012
Connection of Sweimah S/S	With Al-Sero S/S	Quadratic Circuit	132	12.2	4th Quarter 2012
		Double Circuit		35.4	
Modifying Transmission Line	Amman North-Amman East	Double Circuit	400	4.8*	2nd Quarter 2012

\* No additons to the length of the line

**Table (21): Transmission Line Length (km - Circuit)**

Year	400 kV	230 kV	132 kV		66 kV*
			Overhead Lines	Underground Cables	
2008	871	17	2833	39	17
2009	904	17	2983	71	17
2010	904	17	3043	71	17
2011	904	17	3103	97	17

\* Converted to Work on 33 kV



### Operating the Interconnected Electric Power System

National Electric Power Company proceeded with following-up daily operation according to requirements of the electrical system in order to achieve the following objectives of the company:

1-Operation of the electrical system safely and reliably.

2-Optimal operation of the electrical system to attain the minimum possible cost through utilizing all available energy sources.

The most important procedures taken by the company to achieve these goals are as follows:

- Maintain continuity of electric current and maintain safety and security of electrical system and employees.
- Constantly carry out all actions to reduce purchase cost of the energy by using appropriate manner of operation in different circumstances.
- Utilize interconnection lines with neighboring countries optimally to reduce cost of electric energy cost.
- Control frequency and voltage of electric system according to technical standards of the National Transmission Network.

Concerning communication systems, in 2011; National Electric Power Company implemented several communication projects as follows:

- Digital Power Line Carrier Project, where the new equipments were installed and operated at Rehab Substations, Al Rajhi Cement, Azraq and Ruweished.
- Line Trap equipment project, where the new equipments were installed and operated in the new and old Substations.

- Awarding tender of Time Code GPS Devices Project to be used in equipment of communication system in 400 kV Substations.
- Preparing the specifications of tender of communicative fiber-optic (PHD+SDH-ST-16) and reciprocal prevention equipment used in the new Substations to be awarded in 2012.
- Preparing the specifications of tender of Voice over IP switchboards used to develop telephone service in different locations of the company and the new Substations to be awarded in 2012.
- Installing communication equipment (digital carrier and SDH-SAGEM-STM-16) in Substations of new Madaba south, new Mafraq, and City center Substations in order to be placed in the Substations communication network.
- Adjusting communication network (SDH System Network) related to the two systems (SAGEM STM-16) and (NORTEL-STM-1) in the southern area where connection method has become (Ring Topology) instead of (Radial) in order to increase system efficiency.
- Following-up works of fiber-optic network of public Jordanian universities and the network of schools (Ministry of Communications).
- Changing channel of fiber-optic network of University of Al Al-Bayt relates to Jordanian Universities Company due to maintenance and digging works at that region, and repairing channel of fiber-optic network relates to Al-Hussein University, Al-Balqa University, and Yarmouk University.





### Planning Studies

In 2011, the company updated the load forecast study on electric power for the period (2011-2040) taking into account the technical developments and economic factors affecting demand on electric power especially growth rates in Gross Domestic Product (GDP), where growth in GDP amounted to (4.4%) in 2011 upon the fixed rates compared to (5.7%) in 2010.

Furthermore, the company has prepared a plan for the generation expansion for the period (2011-2040) to ensure needs of Jordan's electrical system of the generating capacity in order to meet the expected demand on electric power and ensure safe operational position for the electrical system taking into account utilizing local sources of fuel especially oil Shale, nuclear energy, and renewable sources of energy.

The project tender for the (IPP3) has been awarded and technical and financial offers of the project have been attracted, and technical and financial evaluation of such offers to select the best one has completed and negotiation and signing agreements phase is currently in progress. This project is to establish a power plant in Amman-East area with generating capacity of (350-600) MW to be operated by using heavy fuel as primary fuel and diesel as secondary fuel provided the plant should be also able to burn natural gas. The project's cost is about (550) million J.D, it is expected to operate the project and start production by summer of 2013.

#### New and renewable energy:

The company is carrying out negotiations with (ESTI ENERGIA) Estonian Company for the purpose of implementing project of generating electric power by using direct combustion of oil Shale technology. It is expected to sign the agreements required to implement the project mid-summer 2012 to be operated by 2016 with generating capacity of (430) MW. Moreover, the company signed a memorandum of understanding with Jordanian, Emirates, and Chinese consortium in order to implement project for generating electric power by using direct combustion of oil Shale in El-lujun area with generating capacity of (600-900) MW, where the consortium will prepare economic and technical feasibility study and

then to submit integrated technical and financial offer to NEPCO for purpose of implementing the project; in case the feasibility study is approved, the project will be carried out to be operative within (2017-2020) according to needs of Jordan's electrical system.

The company maintains its cooperation with Jordan Atomic Energy Commission by providing it with the available experience for sake of completing Jordan's nuclear reactor project to produce electric power; where preparation of primarily economic feasibility of the project has completed and that the financial and technical offers submitted by three companies are being evaluated, namely:

A consortium of Areva (French company) and Mitsubishi (Japanese company) (ATMEA reactor), Atom Stroy Export (Russian company) (ASE-92WER), and SNC (Canadian company) (CANDV-6 reactor), where process of evaluation and selection of the most appropriate technology is expected to be finished by the second third of 2012.

Moreover, Jordan Atomic Energy Commission in collaboration with National Electric Power Company and other concerned bodies, has awarded a bid to attract an investor and an operator for Jordan's Nuclear Reactor, it is expected to receive the offers by the second third of 2012 in order to select the investor and operator of the project and then to form the project company which will own the project and be then a partner. The project is expected to be commercially operated by 2020 with capacity of about (1000) MW as a first phase that might be expanded by adding a new nuclear turbine where the total capacity to become about (2000) MW according to needs of Jordan's electrical system.

Regarding renewable energy usage, in 2011 offers to invest in this area were received. These offers are being evaluated currently, they include establishment of projects for generating electric power using wind power (Kamsha, Fajij, and Wadi Araba) with generating capacity of about (600) MW, and establishment of other projects by using solar power with production capacity of about (150) MW.

In the light of above, the strategy aims to increase participation of renewable energy sources from current (1%) to (7%) by 2015, and (10%) by 2020.

### Energy Conservation and Load Management

NEPCO paid its attention to electrical energy conservation through load management activities which aim at reducing the system peak load and determining the opportunities of electrical energy conservation by increasing the load research studies. In the field of electric equipment specification, NEPCO participated in the committee formed by the Jordanian specifications corporation for the sake of issuing more special specifications for electric equipments.

The peak load of the electric power system in the kingdom was (2680) MW in the year 2011 compared with (2560) MW in 2010 with an annual growth of (4.7%).

The annual peak load for the interconnected system amounted to (2660) MW and occurred in July 2011 compared with (2540) MW and occurred in August 2010 representing an annual growth of (4.7%).

The generating units share in covering the interconnected system peak load (2660) MW was as follows:

	MW	(%)
Steam Units (Burning Heavy Fuel Oil & N.G)	784	29.5
Gas Turbine Units (Burning Diesel Oil & N.G)	531	20.0
Combined Cycle Units	1291	48.5
Other Private Companies Units	5	0.2
Imports	49	1.8
Total	2660	100

Table (22): System Peak Loads (MW)

Year	Interconnected System		Interconnections		Industrial Sector	All Jordan	
	Generated	Sent-out	Imported	Exported		Generated	Sent-out
2008	2230	2120	282	--	30	2260	2150
2009	2300	2200	223	132	20	2320	2220
2010	2650	2540	--	--	20	2670	2560
2011	2770	2660	49	--	20	2790	2680

Table (23): Electricity Demand Forecast in the Interconnected System\*

Year	Max. Demand		Electrical Energy Generated	
	MW	Growth (%)	GWh	Growth (%)
2011 (Actual)	2660	4.6	16120	6.4
2012	2865	7.7	17377	7.8
2013	3080	7.5	18733	7.8
2014	3317	7.7	20231	8.0
2015	3572	7.7	21870	8.1
2016	3808	6.6	23532	7.6
2020	4939	5.3	30846	7.0
2030	8511	5.6	53697	5.7

\* Includes energy imported

### Electrical Interconnection Projects

The most important achievements in the field of interconnection with the neighboring countries can be summarized as follows:

#### The Eight Countries Electric Interconnection Projects

This project aims to connect the electric networks of Egypt, Iraq, Jordan, Lebanon, Libya, Palestine, Syria and Turkey.

The interconnection of the electric networks in Jordan, Egypt, Syria, Libya and was completed up to now.

A short brief on the works progress of the project is as follows:

#### 1- Existing Projects

##### The Jordanian-Egyptian-Syrian-Libyan Electric Interconnection

- The contract of the electric energy exchange between the Jordanian and the Egyptian sides was renewed for the year 2012. Jordan is electrically interconnected with the Egyptian electrical network from the south via a (13)km, 400 kV submarine cable across the Gulf of Aqaba with an exchange capabilities of (550) MW .
- The Jordanian and the Syrian sides agreed to renew the contract of the electric energy exchange to be applicable for the year 2012. Currently, Jordan is electrically interconnected with the Syrian electrical network from the north through a 400 kV overhead single circuit transmission line of (58) km with exchange capabilities of (1000) MW.
- During the year 2011 NEPCO imported (1457.6) GWh from Egypt and (280.5) GWh from Syria for the purpose of meeting the electricity needs of the Jordanian network, while the exported energy from Jordan to Egypt during the year 2011 was (4.2) GWh and (75.7) GWh to Jerusalem Co (Jericho).and (5.7) GWh to Border Trabeel. This energy exchange determined mutual technical and economical benefits for all the parties.
- During the year 2011, (235.1) & (30.4) GWh was transmitted from the Egyptian network to the Lebanese network and Syrian network respectively, and (8.9) GWh from Syrian network to the Egyptian network through the Jordanian network. This energy exchange determined benefits to Jordan resulted from electric energy transmission fees Wheeling Charges.
- Electric energy exchange between the Egyptian and Libyan sides continued since operating the interconnection line in the year 1998 in accordance with the agreement signed between the two countries.
- The electric energy exchange during the year 2011 was (129) GWh from Egypt to Libya and (113) GWh from Libya to Egypt.

#### 2- Interconnection Projects under Construction

##### The Syrian-Turkish Electric Interconnection

All works related to the interconnection line project in the Turkish side have been completed since 1997, while in the Syrian side they were completed in mid of 2003.

The interconnection line between the two countries is being utilized as an island interconnection through exporting energy from Turkey to Syria.

European Network Operator's Group (ENTSO-E) agreed upon joining Turkey to its electrical network as an experimental period upon three phases for one year ended on 18/09/2011, there was an unexpectedly delay in the first phase of experimental operation resulted in delaying completion of experimental operation for a specific period only.

##### The Syrian-Lebanese Electric Interconnection

The Syrian-Lebanese Electric Interconnection line was completed and was operated on 27/4/2009 but without synchronization. It is expected to be synchronized during the year 2012. Since the above mentioned date, Lebanon has been importing part of electricity needs from Egypt through the Jordanian and Syrian networks against certain wheeling charges paid to the median networks by the seller. The agreement for supplying energy between the Egyptian and Lebanese sides was signed on February, 2009.

##### The Iraqi-Turkish Electric Interconnection

The interconnection line 400kV between the two countries is operated currently on 154 kV as an island interconnection. A second interconnection line of 400kV is being constructed between the two countries in order to enhance the interconnection between them. (90%) of the line is completed in the Iraqi side, while in the Turkish side, the construction has not been started yet. It is expected to complete all related works in the year 2012,

##### The Syrian-Iraqi Electrical Interconnection

The two parties confirmed their wish to commence the implementation of the interconnection project, so the 400 kV substations related to the project were completed at the Syrian side, while their associated 400 kV transmission lines are being under construction; however this interconnection line will be operated after conducting the necessary operational studies. It is expected to complete the interconnection project and the reinforcement of the Syrian network during the year 2012, while the Iraqi side completed ( 100%) of the interconnection line whose length is 28 km.



### The Egyptian-Libyan Electrical interconnection

The capacity of the interconnection line between the two countries will be raised by upgrading the voltage of the line to 500 kV in the Egyptian side and to 400 kV in the Libyan side in the beginning of the year 2012. The feasibility studies regarding the capacity upgrading of the interconnection line between the two countries were completed.

### 3-Planned Projects

#### Interconnection of the West Bank with the Jordanian Network

- All necessary procedures for implementing this project were completed, work plans were prepared and insurance of the project financing commenced.
- The Palestinian Cabinet approved the construction agreement between Jordan and Palestine, and approved signing it.

#### Interconnection Gaza Strip with the Egyptian network

- The project financing was secured. The project's tender documents were prepared and they will be issued during the year 2011.

#### The Electric Interconnection Project between the Eight Countries and Europe (MEDRING Project)

The operational trials for interconnecting the Libyan electric network with the Tunisian network was retested in April 2010. If these operational trials succeeded then the Libyan-Tunisian interconnection line will be operated, as far as the Tunisian network is already connected with Moroccan network, this means that the electrical networks of Syria, Jordan, Egypt, and Libya are connected with the European electrical network through the Spanish-Moroccan electrical interconnection.

#### Project of Pan Arab Electric Interconnection

NEPCO, as a representative to the General Secretariat of the eighth electric interconnection in the meeting of the Arab experts, members of the executive office of the council of the Arab ministers concerned with the electricity affairs, participated in preparing the terms of reference for the Pan Arab electric interconnection study between Arab countries and other foreign countries and evaluating the exploitation of the natural gas in exporting electricity. The final copy of the terms of reference was approved in order to assign a consultant to conduct a comprehensive study for the pan Arab interconnection which will take into consideration the electrical interconnection with Europe. It commenced the study during the year 2011

#### Quality and Public Safety

National Power Electric Company has carried out many measures that aim to develop work, improve performance, and fulfill conditions of public safety, career health, and environment.

Regarding quality and technical inspection, the company

follows up the progress of actual work in all projects and annual maintenance programs to ensure carrying out them according to timetable, technical specifications, and required conditions, show deflections if found and try to create solutions for such deflections in collaboration with the concerned technical





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departments for purpose of maintaining technical inspection method since it is a monitoring and controlling tool that seek to improve performance of different activities of the company.

Concerning public safety, career health, and environment, the company still spares no efforts to provide maximum possible safety for its employees and clients, and equipment safety through educating employees of the company to take necessary actions in order to comply with laws and instructions of public safety and environment. This is made by carrying out visits to different locations of the company, preparing and constantly updating emergency plan of the company, providing equipment and supplies of public safety, fire fighting, and personal protection of the employees according to the international specifications, and carrying out necessary analyses and studies as for causes of accidents and work injuries to avoid them in the future.

The company has established and applied the management system according to requirements of international standard specifications (ISO), the company consequently obtained Quality Management System Certification 2008: ISO9001 from SGS to be the first electric power company at the national level that developed all activities and procedures complying with latest version of ISO specification 9001: 2008.

### Electric Training Centre

NEPCO implemented several training projects and programs at its Electrical Training Centre as follows:

Program name	No. of courses	No. of Participants
Efficiency increasing/NEPCO	42	223
Local Training	42	217
External Training	3	57
Universities	243	353
Regular Trainee/NEPCO	24	50
Regular Trainee	8	102
TOTAL	362	1002

### Consultancies and International Services

On account of achieving objectives of the company originated from its mission intended to invest infrastructure of electrical transmission network and invest technical potentials and practical experiences of the company in various technical areas and administrative and computer consultations at all

local, regional and international levels.

In 2011, National Electric Power Company, through Department of International Services and Investment, provided several services and consultations and implemented many training programs at internal and external levels, the most important of which are the following achievements:

#### Inside Jordan

- Leasing some OPGW capillaries, owned by National Electric Power Company, to local companies and governmental bodies.
- Providing engineering and consulting services in technical, administrative, financial, and computer areas to may local corporations & companies electric sister companies.
- Executing training programs in Electrical Training Center, related to National Electric Power Company, to many industrial corporations and companies, electricity companies, and university students in the kingdom.
- Carrying out actions of inspection and refining oils of electrical transformers for local companies and sister electricity companies.

#### 2. Outside Jordan

- Keeping in force the consulting services agreement, carrying out engineering and control works in Safer-Marib project as for substations 400/132 kV and transmission line 132 kV of (50) km length in the interest of Public Electricity Corporation of Yemen.
- Analyzing technical and financial offers of companies applied to project of expanding Marib station 400 kV in favor of Public Electricity Corporation of Yemen.
- Keeping work on carrying out consulting services for transmission line project Bikfaya-cases 66 kV in accordance with the agreement signed between the company and General Contracting center in Lebanon for purpose of carrying out engineering works for transmission line 66 kV and supervising installation works.
- Applying quality system in favor of Jerusalem District Electricity Company in cooperation with the company providing ISO certification.
- Supervising project of expanding substation of Irbid-West in accordance with the agreement signed with ABB company-Jordan.
- Carrying out nine training programs in collaboration with the Japan International Cooperation Agency (JICA) in terms of training program of the third country concerning technical and administrative areas in favor of the cadres of Iraqi Ministry of Electricity and Ministry of Electricity of Kurdistan region in Iraq where there were (190) trainees.
- Assigning a control engineer to work in project of control system (SCADA) for the benefit of ABB Company-Jordan at Emirate of Abu Dhabi.

- Assigning an engineer to work as a consultant at Standards Center for electrical engineering consultations at Kingdom of Saudi Arabia.

### Manpower and Training

At the end of the year 2011; the number of NEPCO's employees was (1312) The engineers constituted (20.9%) the technician constituted (35.1%) the financiers (6.0%) the administrators (17.0%) and the supporting services constituted (21.0%) In recognition of the importance of training, NEPCO human resources department through the training section is providing variant collection of training activities inside and outside Jordan. This aims in developing the technical, financial

and administrative abilities of the employees. This can be done by preparing the training plans, following up their executing to increase the performance equality to the required level.

NEPCO has provided training opportunities for the universities and institutes students in this field. In this regard (267) Student and engineer were trained in the training center through the summer and field training programs, which of them (194) students were from the Engineering collages .

Also training opportunities were provided for newly graduated engineers in cooperation with the Jordanian Engineering Association and the Public Works & Housing Ministry in order to give them the required experience to get permanent Jobs in the local & foreign labor market.



### Financial Performance

Fig (4) Total Revenues 2011 (807.7) Million

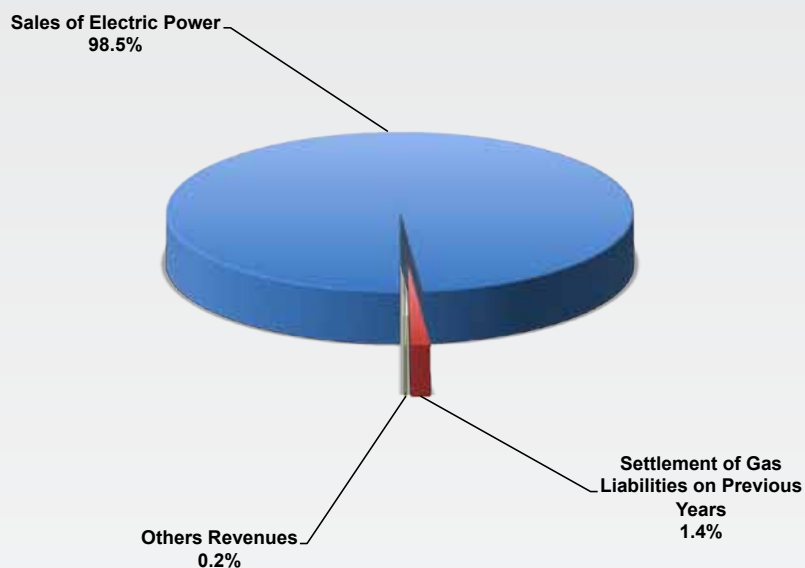
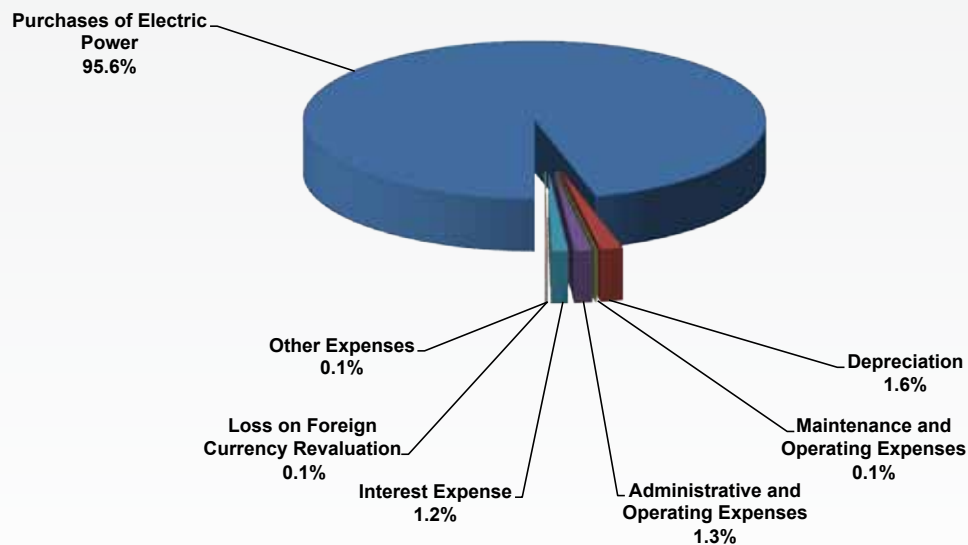


Fig (5) Total Expenses 2011 (1,815.4) Million





# National Electric Power Co.

## 2011 Annual Report



Table (24): NEPCO's Purchased Energy (GWh)

	2008	2009	2010	2011	( % )
<b>A. CEGCO</b>	<b>8356.3</b>	<b>7554.6</b>	<b>7195.1</b>	<b>7561.4</b>	<b>5.1</b>
AqabaThermal P.S	4389.2	4329.6	3740.7	3946.8	5.5
Hussein Thermal P.S	945.2	723.7	717.7	1129.9	57.4
Risha Natural Gas	547.3	573.6	500.1	470.3	(6.0)
Gas & Diesel Units	2471.7	1925.0	2233.5	2012.1	(9.9)
Wind Energy	2.9	2.7	3.1	2.3	(25.8)
<b>B.SEPGCO</b>	<b>3628.9</b>	<b>3563.7</b>	<b>3390.3</b>	<b>3503.7</b>	<b>3.3</b>
<b>C.AES Jordan( Al-Manakher)</b>	<b>891.4</b>	<b>2333.2</b>	<b>3237.9</b>	<b>2222.8</b>	<b>(31.4)</b>
<b>D. QEPCO</b>	<b>--</b>	<b>--</b>	<b>52.8</b>	<b>437.3</b>	<b>728.2</b>
<b>E.Others</b>	<b>562.6</b>	<b>396.9</b>	<b>685.4</b>	<b>1751.9</b>	<b>155.6</b>
King Talal Dam	15.2	13.6	15.2	13.1	(13.8)
Indo-Jordan Chemicals Co.	0.1	0.5	0.1	0.7	600.0
Imported Energy from Egypt	534.4	362.8	445.8	1457.6	227.0
Imported Energy from Syria	12.9	20.0	224.3	280.5	25.1
<b>Total Energy Purchased</b>	<b>13439.2</b>	<b>13848.4</b>	<b>14561.5</b>	<b>15477.1</b>	<b>6.3</b>

Table (25): NEPCO's Electrical Energy Sales (GWh)

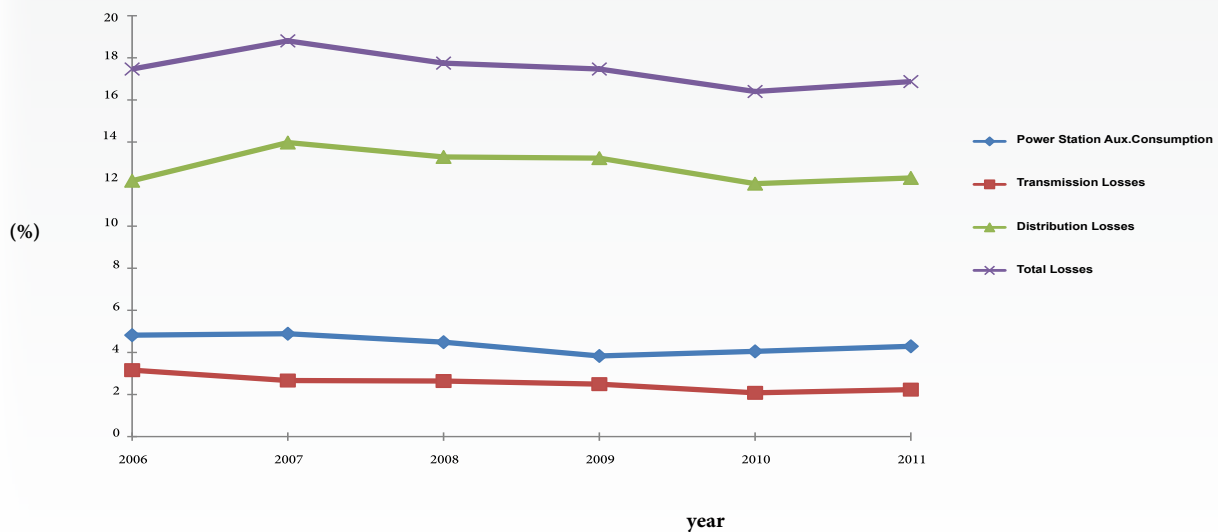
	2008	2009	2010	2011	(%)
<b>A. Distribution Companies</b>	<b>11785.2</b>	<b>12489.9</b>	<b>13453.5</b>	<b>14260.7</b>	<b>6.0</b>
JEPCO	7772.4	8176.5	8677.0	9217.5	6.2
EDCO	2210.4	2317.8	2575.7	2666.7	3.5
IDECO	1802.4	1995.6	2200.8	2376.5	8.0
<b>B. Large Consumers</b>	<b>981.5</b>	<b>874.1</b>	<b>746.7</b>	<b>785.5</b>	<b>5.2</b>
Refinery Co.	18.0	20.7	18.7	37.7	101.6
Cement Co.	231.8	212.1	177.7	145.2	(18.3)
South Cement Co.	240.1	204.9	87.8	47.9	(45.4)
Al-Rajhi Cement Co.	--	--	--	17.8	--
Al-Hadeetha Cement Co.	--	--	--	0.1	--
Potash Co.	255.7	223.7	305.0	380.2	24.7
El-Hasa Phosphate Co.	45.8	47.4	47.8	50.6	5.9
Sheidiyah Phosphate Co.	55.3	48.9	47.9	43.5	(9.2)
QAIA	53.6	56.0	60.9	61.9	1.6
Jordan Bromine Co.	77.9	57.7	--	--	--
Haraneh	3.3	2.7	0.9	0.6	(33.3)
<b>C. Exported Energy</b>	<b>318.5</b>	<b>139.1</b>	<b>57.5</b>	<b>85.6</b>	<b>48.9</b>
Egypt	8.6	9.0	3.8	4.2	10.5
Syria	244.8	68.7	--	--	--
Jerusalem Co. (Jericho)	64.3	56.4	48.4	75.7	56.4
Border (Trabeel)	0.8	5.0	5.3	5.7	7.5
<b>D. Other</b>	<b>--</b>	<b>--</b>	<b>1.0</b>	<b>0.1</b>	<b>(90.0)</b>
<b>Total</b>	<b>13085.2</b>	<b>13503.1</b>	<b>14258.7</b>	<b>15131.9</b>	<b>6.1</b>

Table (26): Electrical Energy Losses by Sector Type (GWh)

	2008	2009	2010	2011
<b>1. Generation Losses *</b>				
Generated Energy	13483	13988	14462	14369
Sent Out Energy	12874	13488	13918	13753
Losses (%)	4.52	3.57	3.76	4.29
<b>2. Transmission Losses</b>				
Sent Out Energy	13440	13848	14562	15477
Bulk Sales	13085	13503	14259	15132
Losses (%)	2.64	2.49	2.08	2.23
<b>3. Distribution Losses</b>				
Sent Out Energy	11785	12490	13454	14261
Sold Energy	10219	10837	11837	12509
Losses (%)	13.29	13.23	12.02	12.29
<b>4. Total Energy losses</b>				
Generated and Imported Energy	14385	14655	15447	16385
Consumed and Exported Energy	11832	12095	12914	13621
Losses (%)	17.75	17.47	16.40	16.87

\* Includes the losses in the Electricity Generation Company

Fig (6) Electrical Energy Losses



**Table (27): Electricity Tariffs**  
**From 05/06/2012**

<b>1. Bulk Supply Tariff</b>	
<b>A- JEPCO</b>	
Peak Load (JD/kW/ Month)	2.98
Day Energy (Fils/kWh)	65.34
Night Energy (Fils/kWh)	55.29
<b>B- EDCO</b>	
Peak Load (JD/kW/ Month)	2.98
Day Energy (Fils/kWh)	56.63
Night Energy (Fils/kWh)	46.58
<b>C- IDECO</b>	
Peak Load (JD/kW/ Month)	2.98
Day Energy (Fils/kWh)	49.82
Night Energy (Fils/kWh)	39.77
<b>D- Large Industries</b>	
<b>1- Mining &amp; Quarrying Industry</b>	
Peak Load (JD/kW/ Month)	2.98
Day Energy (Fils/kWh)	220
Night Energy (Fils/kWh)	164
<b>2- Others</b>	
Peak Load (JD/kW/ Month)	2.98
Day Energy (Fils/kWh)	94
Night Energy (Fils/kWh)	76
<b>2. Retail Tariff</b>	
<b>A- Domestic (Fils/kWh)</b>	
First Block : from 1-160 kWh/Month	33
Second Block : from 161-300 kWh/Month	72
Third Block : from 301-500 kWh/Month	86
Fourth Block : from 501-600 kWh/Month	114
Fifth Block : from 601-750 kWh/Month	141
Sixth Block : from 751-1000 kWh/Month	168
Seventh Block : more than 1000 kWh/Month	235

<b>B- Flat Rate Tariff for TV &amp; Broadcasting Stations (Fils/kWh)</b>	<b>122</b>
<b>C- Commercial Sector (Fils/kWh)</b>	
First Block : from 1-2000 kWh/Month	91
Second Block : more than 2000 kWh/Month	127
<b>D- Banking Sector (Fils/kWh)</b>	
First Block : from 1-2000 kWh/Month	227
Second Block : more than 2000 kWh/Month	265
<b>E- Telecommunication Sector (Fils/kWh)</b>	
First Block : from 1-2000 kWh/Month	227
Second Block : more than 2000 kWh/Month	265
<b>F- Flat Rate Tariff for Small Industries (Fils/kWh)</b>	<b>57</b>
<b>G- Medium Industries (Fils/kWh)</b>	
Peak Load (JD/kW/ Month)	3.79
Day Energy (Fils/kWh)	63
Night Energy (Fils/kWh)	53
<b>H- Flat Rate Tariff for Agriculture (Fils/kWh)</b>	<b>60</b>
<b>I- Agriculture (Fils/kWh)</b>	
Peak Load (JD/kW/ Month)	3.79
Day Energy (Fils/kWh)	59
Night Energy (Fils/kWh)	49
<b>J- Flat Rate Tariff for Water Pumping (Fils/kWh)</b>	<b>66</b>
<b>K- Flat Rate Tariff for Hotels (Fils/kWh)</b>	<b>127</b>
<b>L- Hotels (Fils/kWh)</b>	
Peak Load (JD/kW/ Month)	3.79
Day Energy (Fils/kWh)	116
Night Energy (Fils/kWh)	102
<b>M- Streets Lighting (Fils/kWh)</b>	<b>80</b>
<b>N- Army Forces (Fils/kWh)</b>	<b>103</b>
<b>O- Port Corporation (Fils/kWh)</b>	<b>112</b>
<b>P- Agriculture / Commercial (Fils/kWh)</b>	<b>81</b>
Notice Monthly Minimum Charge	
A- Domestic (JD/Month)	1.0
B- Other Consumers (JD/Month)	1.25



# National Electric Power Co. Annual Report 2011



The Hashemite Kingdom of Jordan  
**National Electric Power Company**  
**NEPCO**



**Financial Statements**



# National Electric Power Co.

## Annual Report 2011

## Independent Auditor's Report

### To The Shareholders of National Electric Power Company

#### Report on the financial statements

We have audited the financial statements of National Electric Power Company (Public Shareholding Company), which comprise the statement of financial position as at 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of National Electric Power Company as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Emphasis of a matter

The financial statements of the Company have been prepared based on the fact that the Company has the ability and intent to continue as a going concern. Without qualifying our opinion, the Company's accumulated losses exceeded three quarters of its paid-in capital. According to the Companies Law No. (22) for 1997 and its subsequent amendments, should the company's losses exceed three quarters of its capital, the company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase its capital. Such a meeting has not been held up to the date of approval of the financial statements.

As disclosed in note (15), certain loan agreements contain debt covenants that the Company should adhere to. The Company did not meet those covenants in 2011 and has not obtained the necessary approvals from lenders for such override.

#### Report on other legal and regulatory requirements

Proper records of accounts are kept by the Company, and the attached statements are in agreement with the records and books of accounts.

PricewaterhouseCoopers "Jordan"

**Osama Marouf**

**License No. (477)**

**Amman, Jordan**

**8 May 2012**



# National Electric Power Co.

## Annual Report 2011

### Statement of Financial Position at 31 December 2011

	Note	2011 JD	2010 JD
<b>ASSETS</b>			
Non-current assets			
Property and equipment	5	458,962,879	437,583,834
Projects under construction and payments to contractors	6	38,224,975	56,292,466
Investment in subsidiaries	7	150,000	150,000
Available-for-sale financial assets	8	1,920,923	2,304,627
Long-term loan receivable	9	1,675,061	1,355,060
		500,933,838	497,685,987
Current assets			
Inventories	10	25,237,330	20,546,530
Trade receivables and other current assets	11	162,827,495	122,032,123
Cash on hand and at banks	12	309,946	289,712
		188,374,771	142,868,365
<b>TOTAL ASSETS</b>		<b>689,308,609</b>	<b>640,554,352</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Paid-in capital	13	230,000,000	230,000,000
Statutory reserve		6,384,000	6,384,000
Voluntary reserve		4,730,371	4,730,371
Special reserve		4,730,371	4,730,371
Treasury rights	14	19,980,445	19,473,931
Cumulative change in fair value of available-for-sale financial assets		1,612,351	1,996,055
Accumulated losses		(1,215,918,973)	(207,739,433)
<b>(DEFICIT IN) NET EQUITY</b>		<b>(948,481,433)</b>	<b>59,575,292</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Long-term borrowings	15	605,467,720	153,102,770
Provision for end-of-service indemnity	16	5,643,139	4,865,958
Subscribers' contributions received on projects under construction	17	53,726,309	32,456,656
Grants and donations	18	49,532	180,606
		664,886,700	190,605,990
Current liabilities			
Due to banks	20	80,651,593	55,897,468
Current and accrued portion of long-term borrowings	15	153,667,024	39,948,017
Trade payables and other current liabilities	21	734,613,252	289,968,788
Income tax provision	22	3,971,473	4,558,797
		972,903,342	390,373,070
<b>TOTAL LIABILITIES</b>		<b>1,637,790,042</b>	<b>580,979,060</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>689,308,609</b>	<b>640,554,352</b>

The attached notes from 1 to 33 are an integral part of these financial statements



# National Electric Power Co.

## 2011 Annual Report



### Statement of Comprehensive Income for the Year Ended 31 December 2011

	Note	2011 JD	2010 JD
Operating revenues			
Sales of electric power	23	795,249,711	670,339,583
Other operating revenue		507,197	898,996
Total operating revenues		795,756,908	671,238,579
Operating expenses			
Purchases of electric power	24	(1,737,817,017)	(766,285,413)
Gas carriage expenses to Al-Qatranah and Al-Samrah stations		(998,319)	(4,104,572)
Depreciation of property and equipment, net of amortization of subscribers' contributions	5	(28,021,220)	(27,254,753)
Depreciation of non-moving spare parts		(407,890)	(263,566)
Provision for end-of-service indemnity	16	(1,222,995)	(373,617)
Maintenance and operating expenses	25	(1,481,762)	(3,321,667)
Administrative and operating expenses	26	(22,887,584)	(24,174,209)
Total operating expenses		(1,792,836,787)	(825,777,797)
Operating loss		(997,079,879)	(154,539,218)
Interest expense		(21,660,241)	(7,727,283)
(Loss) gain on foreign currency revaluation		(1,486,845)	971,403
Other revenues	27	1,424,153	1,648,188
Other expenses	28	(154,706)	(386,350)
Reversed from allowance for doubtful debts		15,546	130,600
Provision for doubtful debts		(234,555)	(199,878)
Loss before gas settlement		(1,019,176,527)	(160,102,538)
Settlement of gas liabilities on previous years	29	11,013,212	--
Loss before provisions		(1,008,163,315)	(160,102,538)
Board of directors' remuneration		(16,221)	(14,900)
Loss for the year		(1,008,179,536)	(160,117,438)
Other comprehensive income items			
Change in fair value of available-for-sale financial assets		(383,704)	(6,772)
Total comprehensive loss for the year		(1,008,563,240)	(160,124,210)
Weighted average number of shares during the year (Share)		230,000,000	230,000,000
		Fils/Dinar	Fils/Dinar
Loss per share		4/385	0/696

The attached notes from 1 to 33 are an integral part of these financial statements

### Statement of Changes in Equity for the Year Ended 31 December 2011

	Paid-in capital	Statutory reserve	Voluntary reserve	Special reserve	Treasury rights	Cumulative change in fair value	Accumulated losses				Total
	JD	JD	JD	JD	JD	JD	Decline in owners' equity as a result of restructuring	Waived interest on payments due on sold power	Accumulated losses from Company's operations	JD	JD
2011 -							(Note 13)	(Note 13)			
Balance at 1 January 2011	230,000,000	6,384,000	4,730,371	4,730,371	19,473,930	1,996,055	(15,075,829)	(17,673,931)	(174,989,675)		59,575,292
Cumulative change in fair value	-	-	-	-	-	(383,704)	-	-	-		(383,704)
Loss for the year	-	-	-	-	-	-	-	-	(1,008,179,536)		(1,008,179,536)
Total comprehensive loss for the year	-	-	-	-	-	(383,704)	-	-	(1,008,179,536)		(1,008,563,240)
Loans interest and installments	-	-	-	-	506,515	-	-	-	-		506,515
Balance at 31 December 2011	230,000,000	6,384,000	4,730,371	4,730,371	19,980,445	1,612,351	(15,075,829)	(17,673,931)	(1,183,169,211)		(948,481,433)
2010 -											
Balance at 1 January 2010	230,000,000	6,384,000	4,730,371	4,730,371	18,182,978	2,002,827	(15,075,829)	(17,673,931)	(14,872,237)		218,408,550
Cumulative change in fair value	-	-	-	-	-	(6,772)	-	-	-		(6,772)
Loss for the year	-	-	-	-	-	-	-	-	(160,117,438)		(160,117,438)
Total comprehensive loss for the year	-	-	-	-	-	(6,772)	-	-	(160,117,438)		(160,124,210)
Loans interest and installments	-	-	-	-	1,290,952	-	-	-	-		1,290,952
Balance at 31 December 2010	230,000,000	6,384,000	4,730,371	4,730,371	19,473,930	1,996,055	(15,075,829)	(17,673,931)	(174,989,675)		59,575,292

The attached notes from 1 to 32 are an integral part of these financial statements

# National Electric Power Co.

## 2011 Annual Report



### Statement of Cash Flows for the Year Ended 31 December 2011

	2011 JD	2010 JD
Operating activities		
Loss for the year before provisions	(1,008,163,315)	(160,102,538)
Adjustments for:		
Depreciation of property and equipment net of amortization of property and equipment contributed by subscribers	28,021,220	27,254,753
Depreciation of non-moving spare parts	407,890	263,566
Interest expense	21,660,241	7,727,283
Gain on disposal of property and equipment	(19,652)	(9,954)
Provision for doubtful debts	234,555	199,878
Reversed from allowance for doubtful debts	(15,546)	(130,600)
Foreign currency revaluation	(1,508,454)	(475,911)
Provision for end-of-service indemnity	1,222,995	373,617
Settlement of gas liabilities on previous year	(11,013,212)	-
Working capital changes -		
Inventories	(5,098,690)	(3,722,059)
Trade receivables and other current assets	(41,014,382)	(8,517,349)
Trade payables and other current liabilities	450,719,035	171,479,732
Subscribers' contribution received on projects under construction	21,269,653	11,143,000
Cash flows (used in) from operating activities before income tax and provisions paid	(543,297,662)	45,483,418
End-of-service indemnity paid	(445,814)	(297,454)
Income tax paid	(587,324)	(769,709)
Net cash (used in) from operating activities	(544,330,800)	44,416,255
Investing activities		
Long-term loan receivable	(320,000)	(274,000)
Purchase of property and equipment and projects under construction	(31,471,649)	(58,666,203)
Proceeds from sale of property and equipment	27,453	18,898
Net cash used in investing activities	(31,764,196)	(58,921,305)
Financing activities		
Due to banks	24,754,125	12,791,601
Interest paid	(14,087,833)	(6,907,290)
Borrowings	565,448,938	7,811,928
Net cash from financing activities	576,115,230	13,696,239
Net increase (decrease) in cash and cash equivalents	20,234	(808,811)
Cash and cash equivalents at 1 January	289,712	1,098,523
Cash and cash equivalents at 31 December	309,946	289,712

The attached notes from 1 to 33 are an integral part of these financial statements



### NOTES TO THE FINANCIAL STATEMENTS

#### (1) GENERAL INFORMATION

National Electric Power Company was registered as a public shareholding company at the Ministry of Industry and Trade on 29 August 1996 pursuant to the Council of Ministers' resolution to convert Jordan Electricity Authority into a public shareholding company, with a capital of JD 230,000,000 divided into 230,000,000 shares with a par value of JD 1 per share. The Company is wholly owned by the Government of the Hashemite Kingdom of Jordan and is considered the natural and legal successor to Jordan Electricity Authority, which was established in accordance with decree No. (21) of 1997 to become financially and administratively independent. In order to enable the new company to perform its activities, decree No. (10) of 1996 was issued to regulate the electricity generation, transmission and distribution in Jordan, and was subsequently amended by decree No. (13) of 1999, and then by the temporary decree No. (64) of 2002.

National Electric Power Company was restructured into three separate companies pursuant to the Council of Ministers' resolution dated 4 October 1997, which stipulates that the Government should maintain the ownership of the transmission, power control, power purchase, power sale and power exchange activities with neighboring countries.

The accompanying financial statements reflect the assets, liabilities and results of operations of the transmission and control (National Electric Power Company) resulted from splitting the National Electric Power Company accounts into three companies.

The registered address of the Company is P.O. Box 2310, Amman 11181, the Hashemite Kingdom of Jordan.

The financial statements were approved by the Board of Directors in its meeting held on 1 May 2012.

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of preparation

The financial statements of National Electric Power Company have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The financial statements are presented in Jordanian Dinars, which is the Company's functional currency.

The financial statements have been prepared under the historical

cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### 2.1.1 Going concern

As a result of the decrease in the quantities of gas supplied by Egypt to the Company during 2011, the reliance by power generating companies on heavy fuel and diesel (which are much more costly than gas) to generate electricity in Jordan has significantly increased, and since such costs are borne by the Company as part of the power purchase invoice, this has resulted in a significant increase in the Company's liabilities. Therefore, in 2011 the Company increased the ceilings of its bank credit facilities to accommodate such costs.

Since the Company is the natural and legal successor to Jordan Electricity Authority, and the central backbone of the power companies in Jordan as being the intermediary between the generating companies and the distribution companies, management has reasonable expectations that the Company shall be able to continue its operating activities in the foreseeable future. Accordingly the Company continues to adopt the going concern assumption in its preparation of the financial statements.

##### 2.2 Changes in accounting policy and disclosures

###### (a) New and amended standards adopted by the Company:

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011. Those standards and amendments had no impact on the Company's financial position or results.

- IAS 24, 'Related party disclosures' (revised 2009)
- Improvements to International Financial Reporting Standards 2010:
- IFRS 7, 'Financial instruments'
- IAS 1, 'Presentation of financial statements'
- IAS 27, 'Consolidated and separate financial statements'
- IFRIC 13, 'Customer loyalty programmes'

###### (b) The following new standards, new interpretations and

**amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:**

- IFRS 9, 'Financial instruments', issued in December 2009 and October 2010, effective 1 January 2013.
- IFRS 10, Consolidated financial statements, effective 1 January 2013.
- IFRS 11, Joint Arrangements, effective 1 January 2013.
- IFRS 12, 'Disclosures of interests in other entities', effective 1 January 2013.
- IFRS 13, 'Fair value measurement', effective 1 January 2013.
- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition, effective 1 July 2011.
- Amendment to IAS 12, 'Income taxes' on deferred tax, effective 1 January 2012.
- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income, effective 1 July 2012.
- IAS 27 (revised 2011), 'Separate financial statements', effective 1 January 2013.
- IAS 28 (revised 2011), 'Associates and joint ventures', effective 1 January 2013.

### 2.3 Subsidiaries

- Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights, including the currently exercisable rights (If any).
- The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.
- The investment in subsidiaries was stated at cost as no

consolidation was performed of the financial statements of the Company with those of its subsidiaries. Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

### 2.4 Foreign currency translation

#### a. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

#### b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

### 2.5 Property, plant and equipment

Property and equipment are shown at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	Useful life (years)
Buildings	30 - 50
Transmission lines	40
Transformation stations	30
Land lines	35





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Subscribers counters	15
Transmission lines – Sea cable	40
Communication equipment through fibre optics	10
Furniture and office equipment	10
Vehicles	5
Warehouse equipment	10
Tools and equipment	10
Insulators test stations	14
Laboratory equipment	10
Operating equipment	10
Operators and communication equipment	5 - 25
Controlling systems	8
Computers	5
Machinery and equipment	10
Other equipment	10
Training equipment	30
Legal compensation assets*	10
Alarm systems	6.67

\* According to the Electricity Regulatory Commission's resolution in its meeting held on 18 October 2003, compensations paid by electricity companies to real estate owners of land lots through which the electricity networks pass were considered as capital expenditures and were classified as a separate item of property and equipment in the statement of financial position. Effective 1 January 2003, these compensations are depreciated over 10 years and are capitalized at the end of the year in which they are paid.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

### 2.6 Property and equipment contributed by subscribers

Property and equipment contributed by subscribers are recognised in the amounts received from these subscribers in return for establishing their own transformation stations. These contributions are classified as non-current liabilities net of related amortization. Contribution assets are recorded in the same value as the liabilities net of related depreciation. Depreciation is calculated

using the straight-line method to allocate cost over the estimated useful life of the contributions.

Property and equipment contributed by subscribers are depreciated using the straight-line method at an annual rate of 4%. Contribution liability is amortized using the straight-line method at an annual rate of 4%. Depreciation expense is reduced by the amount of the amortization pursuant to the Council of Ministers' letter No. 6189/11/23 dated 4 June 1985.

### 2.7 Projects under construction

Projects under construction represent the cost of work executed plus directly attributable expenses.

### 2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.9 Inventories

Inventories consist of spare parts and materials. Inventories are stated at the lower of cost and net realizable value. Cost includes the value of the invoice plus any directly related expenses. Inventories cost is determined using the moving weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less variable selling expenses.

Spare parts that had no movements for over 5 years are depreciated at 15% annually.

### 2.10 Trade receivables

Trade receivables are amounts due from subscribers for services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.



### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown under current liabilities in the statement of financial position.

### 2.12 Trade payables

Trade payables are obligations to pay for purchases of electric power, gas, assets or services in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 2.13 Borrowings and bank facilities

Borrowings and bank facilities are recognised initially at fair value, net of transaction costs incurred. Borrowings and bank facilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Borrowings and bank facilities are classified as non-current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months from the statement of financial position date.

### 2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

### 2.15 End-of-service indemnity

The Company pays the equivalent to a one-month salary for each year of service less the Company's social security contribution for employees who were in service on 24 December 2002, in accordance with the Labor Court resolution.

### 2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity, which is when the invoice

is issued to the subscriber. Selling prices (tariffs) are set by the Government.

### Dividend income

Dividend income is recognised when received.

### Interest on past-due payments on sold power

Interest on past-due payments on sold power is recognised when received.

### 2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

### 2.18 Financial assets

The Company classifies its financial assets in the following categories: Loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date; these are classified as non-current assets. Loans and receivables are classified as trade receivables and other current assets in the statement of financial position.

#### b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value. Transaction costs are recognised in the statement of income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of income.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of income.

Financial assets whose fair value cannot be determined reliably are stated at cost and any impairment in their value is recognised in the statement of income.

### 2.19 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired, in which case the recoverable amount is estimated for the purpose of measuring the impairment loss.

Impairment is determined as follows:

(a) **Assets classified as available for sale:** The difference between carrying value and fair value.

(b) **Financial assets at cost:** Using an estimation of the discounted cash flows using market prices for similar instruments.

#### (c) Loans and receivables

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) Adverse changes in the payment status of borrowers in the portfolio; and

(ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of income except for available-for-sale financial assets.

### 2.20 Current income tax

The tax expense for the period comprises current tax. Taxable profit differs from accounting profit since the latter contains non-taxable revenues or non-deductible expenses, whether temporarily or permanently, or losses that are carried forward for tax purposes. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Jordan.

### 2.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### 2.22 Employees benefits

For defined contribution plans, the Company pays contributions to pension insurance plans administered by the Social Security Corporation and on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as Company's contributions to employees expense when they are due.

### 2.23 Share capital

Ordinary shares are classified as equity.

### 2.24 Financial instruments by category

	2011	2010
	JD	JD
Assets as per the statement of financial position		
Available-for-sale financial assets	1,920,923	2,304,627
Loans and receivables		
Long-term loan receivable	1,675,061	1,355,060
Trade receivables	158,325,591	121,341,345
Cash and cash equivalents	309,946	289,712
	160,310,597	122,986,117
	162,231,520	125,290,744
Liabilities as per the statement of financial position		
Financial liabilities at amortized cost		
Trade payables and other current liabilities (except for statutory liabilities)	732,437,467	287,261,756
Borrowings (except those transferable to treasury rights)	757,441,079	191,903,338
Due to banks	80,651,593	55,897,468
	1,570,530,139	535,062,562

### (3) FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and activity risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

##### a. Market risk

##### - Activity risk

The Company is exposed to risks relating to its operations as it primarily relies on gas supplied to Jordan by Egypt, and in case the supplied quantities decrease the electricity generating companies in Jordan will have to use heavy fuel and diesel instead, which are much more costly than gas. (As the cost of heavy fuel, diesel and gas form part of the power purchase invoice borne by the Company).

Management of the Company expects the reliance on heavy fuel and diesel to increase during 2012 due to the significant decline in the quantities of gas supplied by Egypt.

##### - Foreign exchange risk:

The Company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

The following table summarizes the sensitivity of the statement of income to the reasonably possible changes in currency exchange rates other than US dollar as at 31 December 2011 as a result of the translation of financial assets and liabilities denominated in foreign currency, with all other variables held constant.

Currency	increase in exchange rate	Effect on loss/profit for the year
2011	%	JD
Euro	1	50,800
Kuwaiti Dinar	1	552,266
Swiss Franc	1	373

Currency	increase in exchange rate	Effect on loss/profit for the year
2010	%	JD
Euro	1	65,779
Kuwaiti Dinar	1	860,771
Swiss Franc	1	562

The effect of decrease in exchange rates with the same percentages is expected to be equal and opposite to the effect of the increases shown above.

##### - Price risk:

The Company is exposed to price risk in respect of oil prices since the effect of the fluctuation in such costs is significant to the electric power purchases, especially that power selling tariffs are not linked to the fluctuation in oil prices.

The Company also is exposed to equity securities price risk because of investments held by the Company and classified as available for sale. To manage its price risk, the Company diversifies its portfolio.

The table below summarizes the impact of the fluctuation in financial markets indices on the Company's equity. The analysis is based on the assumption that the equity indices had increased/decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:



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	Impact on equity
	JD
31 December 2011	
Amman Stock Exchange	96,046
31 December 2010	
Amman Stock Exchange	115,231

The effect of decrease in equity prices with the same percentages is expected to be equal and opposite to the effect of the increases shown above.

### Cash flow and fair value interest rate risk:

The Company has no significant interest-bearing financial assets.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis taking into consideration refinancing or renewal of existing positions. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift (increase/decrease). The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on the post-tax profit for the year is as follows:

	Increase in interest rates	Effect on profit/loss for the year
	%	JD
2011		
Jordanian Dinar	1	6,717,949
US Dollar	1	556,156
Euro	1	50,800
Kuwaiti Dinar	1	552,266
Swiss Franc	1	373
Islamic Dinar		64,582
2010		
Jordanian Dinar	1	553,539
US Dollar	1	439,673
Euro	1	65,779
Kuwaiti Dinar	1	860,771
Swiss Franc	1	562

The effect of decrease in interest rates is expected to be equal and opposite to the effect of the increases shown above.

### b. Credit risk

The Company has a concentration risk as disclosed in note 11. Credit risk arises from cash and cash equivalents and credit exposures to subscribers, including outstanding receivables and committed transactions. For banks and financial institutions, only banks that have an acceptable credit rating and that are reputable are accepted. The Company applies a consistent policy for all subscribers.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

### c. Liquidity risk

Management of the Company monitors the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs through making available the required bank facilities.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2011, based on contractual payment dates and current market interest rates:

	Less than 1 year	Between 1 and 5 years	Over 5 years
	JD	JD	JD
At 31 December 2011			
Borrowings	198,168,616	601,520,477	60,987,546
Trade payables and other current liabilities	732,437,467	-	-
Due to banks	82,574,448	-	-
At 31 December 2010			
Borrowings	41,950,882	111,269,164	60,240,597
Trade payables and other current liabilities	287,261,756	-	-
Due to banks	57,111,485	-	-

### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is

calculated as total borrowings and bank facilities less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as equity plus net debt as shown in the statement of financial position. As of 31 December 2011, gearing ratio exceeded 100%.

### 3.3 Fair value estimation

The fair values of financial instruments are not materially different from their carrying values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date.

#### (4) Critical Accounting Estimates And Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### a) Income tax

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences

will impact the current income tax in the period in which such determination is made.

##### b) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by comparing it to the current market value of a similar instrument.

##### c) Other provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated in accordance with the accounting policies stated in notes 2.14 and 2.15.

##### d) Provision for impairment of trade receivables

The Company establishes a provision for impairment of trade receivables in accordance with the accounting policy stated in note 2.19. The recoverable values of the trade receivables are compared to the carrying amount of such receivables to determine the value of the provision. These calculations require the use of estimates.

##### e) Depreciation of non-moving inventories

The Company depreciates non-moving spare parts and materials in accordance with the accounting policy stated in note 2.9. These calculations require the use of estimates.



### (5) Property And Equipment

2011	At 1 January 2011	Additions	Disposals	At 31 December 2011
	JD	JD	JD	JD
Cost				
Land	24,311,434	4,136,136	-	28,447,570
Buildings	54,978,936	2,827,638	-	57,806,574
Transmission lines	187,902,142	6,577,722	-	194,479,865
Transformation stations	329,668,162	12,435,109	-	342,103,271
Land lines	11,880,735	16,849,566	-	28,730,300
Subscribers counters	684,883	6,513	-	691,396
Transmission lines - Sea cable	25,231,064	-	-	25,231,064
Communication equipment through fibre optics	3,632,707	49,368	-	3,682,075
Furniture and office equipment	1,579,252	87,226	-	1,666,478
Vehicles	6,891,840	-	(33,530)	6,858,310
Warehouse equipment	35,058	16,401	-	51,459
Tools and equipment	1,942,847	288,410	-	2,231,257
Insulators test station	177,221	-	-	177,221
Laboratory equipment	410,141	40,931	-	451,072
Operating equipment	621,716	-	-	621,716
Operators and communication equipment	2,465,851	89,116	-	2,554,967
Controlling systems	3,926,189	2,049,650	-	5,975,839
Computers	4,326,009	38,710	(1,596)	4,363,123
Machinery and equipment	107,530	-	-	107,530
Other equipment	1,783,744	47,570	-	1,831,314
Training equipment	243,628	-	-	243,628
Legal compensation assets	48,760,349	5,063,416	-	53,823,765
Alarm systems	96,254	75,323	-	171,577
Total cost	711,657,692	50,678,805	(35,126)	762,301,371
Subscribers' contributions cost	(54,003,430)	(1,139,487)	-	(55,142,917)
Net cost	657,654,262	49,539,318	(35,126)	707,158,454

	At 1 January 2011	Depreciation charge	Related to disposals	At 31 December 2011
	JD	JD	JD	JD
Accumulated depreciation				
Buildings	14,730,578	2,246,566	-	16,977,144
Transmission lines	53,798,884	7,511,804	-	61,310,688
Transformation stations	110,032,697	12,080,910	-	122,113,607
Land lines	2,223,276	589,728	-	2,813,005
Subscribers counters	273,950	46,092	-	320,042
Transmission lines - Sea cable	7,653,390	630,687	-	8,284,077
Communication equipment through fibre optics	2,309,443	222,136	-	2,531,579
Furniture and office equipment	1,440,945	70,722	-	1,471,668
Vehicles	4,963,957	594,010	(25,954)	5,532,013
Warehouse equipment	18,279	2,988	-	21,267
Tools and equipment	1,136,777	282,426	-	1,419,203
Insulators test station	160,202	11,345	-	171,546
Laboratory equipment	347,528	11,414	-	358,942
Operating equipment	465,958	58,336	-	524,294
Operators and communication equipment	1,935,033	120,334	-	2,005,368
Controlling systems	3,798,181	208,915	-	4,007,096
Computers	4,103,227	89,473	(1,367)	4,191,333
Machinery and equipment	106,906	423	-	107,329
Other equipment	1,415,787	155,814	-	1,571,601
Training equipment	49,827	8,837	-	58,663
Legal compensation assets	27,198,067	5,382,376	-	32,580,442
Alarm systems	20,855	32,849	-	53,704
Total accumulated depreciation	238,143,747	30,358,185	(27,321)	268,474,611
Subscribers' contributions depreciation	(18,073,319)	(2,205,717)	-	(20,279,036)
Net accumulated depreciation	220,070,428	28,152,468	(27,321)	248,195,575
Net book value At 31 December 2011	437,583,834			458,962,879



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2010	At 1 January 2010	Additions	Disposals	At 31 December 2010
	JD	JD	JD	JD
Cost				
Land	22,877,155	1,434,279	-	24,311,434
Buildings	49,104,246	5,874,690	-	54,978,936
Transmission lines	179,311,488	8,590,654	-	187,902,142
Transformation stations	292,390,865	37,277,298	-	329,668,163
Land lines	11,880,735	-	-	11,880,735
Subscribers counters	684,883	-	-	684,883
Transmission lines - Sea cable	25,231,064	-	-	25,231,064
Communication equip- ment through fibre optics	3,562,809	69,898	-	3,632,707
Furniture and office equip- ment	1,516,371	62,882	-	1,579,253
Vehicles	6,865,340	41,000	(14,500)	6,891,840
Warehouse equipment	32,570	2,488	-	35,058
Tools and equipment	1,726,748	216,100	-	1,942,848
Insulators test station	177,221	-	-	177,221
Laboratory equipment	410,141	-	-	410,141
Operating equipment	564,216	57,500	-	621,716
Operators and communication equipment	2,281,862	183,989	-	2,465,851
Controlling systems	3,898,754	27,435	-	3,926,189
Computers	4,262,975	63,697	(663)	4,326,009
Machinery and equipment	107,530	-	-	107,530
Other equipment	1,643,669	150,480	(10,405)	1,783,744
Training equipment	243,627	-	-	243,627
Legal compensation assets	46,408,442	2,351,907	-	48,760,349
Alarm systems	96,254	-	-	96,254
Total cost	655,278,965	56,404,297	(25,568)	711,657,694
Subscribers contributions cost	(47,423,019)	(6,580,411)	-	(54,003,430)
Net cost	607,855,946	49,823,886	(25,568)	657,654,264

	At 1 January 2010	Depre- ciation charge	Related to disposals	At 31 December 2010
	JD	JD	JD	JD
Accumulated depreciation				
Buildings	12,605,225	2,125,354	-	14,730,579
Transmission lines	46,371,636	7,427,248	-	53,798,884
Transformation stations	98,228,885	11,803,812	-	110,032,697
Land lines	1,879,271	344,006	-	2,223,277
Subscribers counters	228,292	45,658	-	273,950
Transmission lines - Sea cable	7,022,702	630,687	-	7,653,389
Communication equip- ment through fibre optics	1,960,578	348,866	-	2,309,444
Furniture and office equipment	1,320,888	80,058	-	1,400,946
Vehicles	4,343,996	634,460	(14,499)	4,963,957
Warehouse equipment	15,297	2,982	-	18,279
Tools and equipment	850,282	286,494	-	1,136,776
Insulators test station	145,818	14,383	-	160,201
Laboratory equipment	334,007	13,522	-	347,529
Operating equipment	411,466	54,492	-	465,958
Operators and communication equipment	1,801,737	133,296	-	1,935,033
Controlling systems	3,778,710	19,471	-	3,798,181
Computers	3,680,139	423,132	(44)	4,103,227
Machinery and equipment	106,095	812	-	106,907
Other equipment	1,232,842	185,027	(2,081)	1,415,788
Training equipment	40,913	8,913	-	49,826
Legal compensation as- sets	22,322,033	4,876,034	-	27,198,067
Alarm systems	1,604	19,250	-	20,854
Total accumulated depreciation	208,682,416	29,477,957	(16,624)	238,143,749
Subscribers' contributions depreciation	(15,981,190)	(2,092,129)	-	(18,073,319)
Net accumulated depre- ciation	192,701,226	27,385,828	(16,624)	220,070,430
Net book value				
At 31 December 2011	415,154,720			437,583,834



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### (6) Projects Under Construction and Payments to Contractors

	2011	2010
	JD	JD
Transmission lines	11,539,566	24,402,890
Construction and expansion of transformation stations	24,543,198	28,885,463
Monitoring and control center	--	1,961,210
Other projects	98,776	77,599
Advances to contractors	2,043,435	965,304
	38,224,975	56,292,466

Estimated cost to complete the projects is approximately JD 69 million, and estimated time till completion is 1 to 3 years.

### (7) Investment in Subsidiaries

	Ownership	2011	2010
	%	JD	JD
Jordan-Swiss Automation Services Company *	50	50,000	50,000
International Electricity Maintenance and Training Co.	50	50,000	50,000
National Company for Light Fibres Investments	100	50,000	50,000
		150,000	150,000

The investment in subsidiaries was stated at cost as no consolidation was done of the financial statements of the Company with those of its subsidiaries due to the restructuring of the subsidiaries. IAS 27 "Consolidated and Separate Financial Statements" requires the holding company (which is the company that has control over the operating and financial decisions of the companies that it owns) to consolidate its financial statements with the financial statements of its subsidiaries. The following is the financial information about each subsidiary for the year ended 31 December 2011:

	National Company for Light Fibres Investments	International Electricity Maintenance and Training	Total
	JD	JD	JD
Total assets	56,226	253,268	309,494
Total liabilities	171	175,350	175,521
Revenues	1,122	65,503	66,625
Profit (loss) for the year	1,098	1,318	2,416
Company's share of (loss) profit	1,098	659	1,757

\* The financial information of this company was not disclosed since it is under liquidation.

### Available-For-Sale Financial Assets

	No. of shares	2011	2010
	Shares	JD	JD
Jordan Electric Power Company	549,911	1,897,193	2,271,132
Irbid District Electricity Company	2,030	23,730	33,495
		1,920,923	2,304,627

All available-for-sale financial assets are quoted in the market. There are no indications of impairment in value as at 31 December 2011.

Movements in available-for-sale financial assets were as follows:

	2011	2010
	JD	JD
At 1 January	2,304,627	2,311,399
Additions	--	--
Net (loss) profit transferred to equity	(383,704)	(6,772)
At 31 December	1,920,923	2,304,627

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All available-for-sale financial assets are denominated in Jordanian Dinar.

### (9) Long-Term Loan Receivable

This item represents the loan granted to the Company's Employees Housing Fund.

### (10) Inventory

	2011	2010
	JD	JD
Spare parts, transformation stations materials and transmission lines	19,850,795	15,876,951
Stationery and office supplies	17,562	33,532
Training materials	32,150	35,417
Control and monitoring center materials	3,341,515	2,913,833
Letters of credit expenses	1,995,308	1,686,797
	25,237,330	20,546,530

### (11) Trade Receivables and Other Current Assets

	2011	2010
	JD	JD
Jordan Electricity Company	99,306,935	76,817,510
Irbid District Electricity Company	19,669,505	14,734,344
Electricity Distribution Company	21,458,035	14,943,098
Electricity Distribution Company – Prior to year 1998	325,648	325,648
Traibeel borders complex	2,127,383	1,282,348
Al-Quds Electricity Company	617,315	692,681
Ministry of Finance / Al Quds Electricity Company differences	1,751,728	-
Wholesale subscribers	6,980,600	5,465,162
Total energy sale receivables	152,237,149	114,260,791
Due from contractors	32,066	19,293
Employees receivables	21,485	23,886
General Arabia Insurance Co./ Aqaba accident	1,214,128	1,214,128
Other receivables	9,295,335	10,077,147
Electricity distribution companies/Others	698	2,361
	162,800,861	125,597,606

Less: Allowance for doubtful debts	(4,475,270)	(4,256,261)
Total receivables	158,325,591	121,341,345
Projects and studies for other parties	514,832	348,199
Prepaid expenses and others	3,987,072	342,579
	162,827,495	122,032,123

The fair values of trade receivables approximate their carrying value as at 31 December 2011 and 2010.

As at 31 December, the aging analysis of trade receivables is as follows:

	2011	2010
	JD	JD
Neither past due nor impaired	147,549,300	112,584,495
Past due not impaired	10,754,806	8,732,964
Impaired	4,475,270	4,256,261
	162,779,376	125,573,720

As per the credit policy of the Company, subscribers are extended a credit period of up to 60 days in the normal course of business. As at 31 December 2011, trade receivables of JD 10,754,806 (2010: JD 8,732) were past due but not impaired and not provided for in the financial statements. These relate to a number of independent subscribers for whom there is no recent history of default. The Company's management believes that this amount will be collected in full.

The aging analysis of these receivables is as follows:

	2011	2010
	JD	JD
Over 2 months and below 1 year	7,259,984	6,515,700
1 year and more	3,494,822	2,217,264
	10,754,806	8,732,964

Movements in the Company's allowance for doubtful debts are as follows:



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	2011	2010
	JD	JD
At 1 January	4,256,261	4,311,111
Provided during the year	234,555	199,878
Reversed during the year	(15,546)	(130,600)
Bad debts written off	-	(124,128)
At 31 December	4,475,270	4,256,261

The increase/decrease in the provision for doubtful debts is shown in the statement of income.

All receivables are dominated in Jordanian Dinar.

There is a concentration risk with respect to trade receivables, as the largest trade receivable balance comprises 63% of the net outstanding trade receivables balance as at 31 December 2011 and 2010.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

The Company does not hold any collateral as a security.

### (12) Cash on Hand and at Banks

	2011	2010
	JD	JD
Cash on hand	107,062	95,489
Cheques under collection	-	14,200
Cash at banks	202,884	180,023
	309,946	289,712

### (13) Equity

Paid-in capital

The authorized and paid-in capital consists of 230,000,000 shares with a par value of JD 1 per share.

### Statutory reserve

According to the Jordanian Companies Law and the Company's bylaws, the Company should deduct 10% of its annual net profit for the account of the statutory reserve, and continue in deducting the same percentage each year provided that the total deducted amounts for the reserve should not exceed the Company's capital. This reserve is not available for distribution to shareholders.

### Voluntary reserve

According to the Jordanian Companies Law, the General Assembly of a public shareholding company may decide to deduct

an amount not exceeding 20% of the Company's annual net profits for the account of voluntary reserve; this reserve is available for distribution to shareholders.

### Accumulated losses

The Company's accumulated losses exceeded three quarters of its paid-in capital. According to the Companies Law No. (22) for 1997 and its subsequent amendments, should the Company's losses exceed three quarters of its capital, the company shall be liquidated unless the General Assembly decides in an extraordinary meeting to increase its capital. Such a meeting has not been held up to the date of approval of the financial statements.

### Decline in owners' equity as a result of restructuring

This item represents the net balance that resulted from the restructuring of National Electric Power Company into three separate companies effective 1 January 1999 pursuant to the Council of Ministries' resolution dated 4 October 1997.

### Waived interest on payments due on sold power

This item represents waived interest on payments due from the electricity companies as at 31 December 1998 pursuant to the Council of Ministers' letter No. 33/11/1/11750 dated 20 November 1999 whereby the Council resolved in its meeting held on 10 April 2000 to present the impact of this waiver on the opening balances of year 1999, which resulted from the separation, and as part of equity as it relates to periods prior to the date of preparation of those balances.

### (14) Treasury Rights

This item represents the installments and interests on certain loans that are credited to this account as stipulated in those loan agreements. The balance of this item is not a liability on the Company.

### (15) Borrowings

	2011	2010
	JD	JD
Local borrowings	649,409,272	75,346,316
Foreign borrowings	109,725,472	117,704,471
Total	759,134,744	193,050,787
Less: Current portion	(153,667,024)	(36,638,818)
Accrued installments	-	(3,309,199)
	605,467,720	153,102,770

During 2011 the Company issued bonds at a nominal value of JD 515,900,674 and obtained loans from local banks of JD 86,360,000 to enable the Company to settle its obligations as and when they become due.

The maturities of bank borrowings extend till 2033 and are

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subject to interest rates ranging between 0.75% and 7.8% during 2011. (2010: 0.75% - 6.83%).

Certain loan agreements contain debt covenants that the Company should adhere to. The Company did not meet those covenants in 2011, which stipulate that debt-to-equity ratio should not exceed 1.25:1 and current assets to current liabilities ratio should not be less than 1:1. The Company has not obtained the necessary approvals from lenders for such override up to the date of issuance of these financial statements.

The borrowings are secured by the guarantee of the Government of the Hashemite Kingdom of Jordan or by the Company's assets.

### (16) Provision for End-of-Service Indemnity

	2011	2010
	JD	JD
At 1 January	4,865,958	4,789,795
Provided during the year	1,222,995	373,617
Paid during the year	(445,814)	(297,454)
At 31 December	5,643,139	4,865,958

### (17) Subscribers' Contributions Received On Projects Under Construction

	2011	2010
	JD	JD
Dead Sea eastern coast development	150,238	150,238
Subeihi-Waqas transmission line project and Waqas transformion station	254,100	1,173,587
Subeihi transformion station project	651,364	721,600
Water Authority / Al-Hasa station expansion project	10,731	10,731
Airport road lighting improvement project	170,000	170,000
Al-Mafraq station project (Hussein area supply)	17,000,000	17,000,000
Construction of Al-Deissi station	12,982,500	1,185,000
Al-Qweirah station expansion	4,083,333	4,083,333
Al-Shediyah station expansion project (Gamma and Indo-Jordan)	2,958,667	1,614,667
Ministry of Public Works project for relocation of towers 148 - 149	-	220,000
Adjustment of 400 k.V. line project / Special forces	5,000,000	-

Construction project of Al Muwaggar Industrial	1,755,000	-
Exhibition project of Hashimiah station - Ramallah Company	44,903	-
Al-Rajih Cement transformion station project	6,425,473	6,127,500
Al-Qatraneh Cement transformion station project	2,240,000	-
	53,726,309	32,456,656

### (18) Grants and Donations

This item represents what has been obtained through agreements between third parties and the Government of the Hashemite Kingdom of Jordan, which represents the following:

	2011	2010
	JD	JD
Japanese Government grant/JICA	49,532	67,141
Grand Institute of Sweden (GIS project)	-	113,465
	49,532	180,606

### (19) Contra Accounts

This item represents amounts contributed by subscribers in return for establishing their own transformation stations. These contributions are classified as non-current liabilities net of related amortization. Contribution assets are recorded in the same value as the liabilities net of related depreciation.

Property and equipment contributed by subscribers are depreciated using the straight-line method at an annual rate of 4%. Contribution liability is amortized using the straight-line method at an annual rate of 4%. Depreciation expense is reduced by the amount of the amortization pursuant to the Council of Ministers' letter No. 6189/11/23 dated 4 June 1985.

This item represents the following:

	2011	2010
	JD	JD
Property and equipment contributed by subscribers*	34,863,881	35,930,111
Subscribers' contribution net of amortization*	34,863,881	35,930,111
The details of this item are as follows:		
Subscribers' contribution after valuation	55,142,917	54,003,430
Less: Accumulated amortization	(20,279,036)	(18,073,319)
	34,863,881	35,930,111





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Depreciation of property and equipment contributed by subscribers amounted to JD 2,205,717 for the year ended 31 December 2011 (2010: JD 2,092,129), which equals the amortization of the subscribers' contribution liability.

### (20) Due to Banks

The Company was granted short-term bank facilities from local banks with a total ceiling of JD 87,747,492 of which JD 80,651,593 was utilized as at 31 December 2011. (2010: JD 55,897,468). The facilities are secured by the guarantee of the Government of the Hashemite Kingdom of Jordan and are subject to interest rates ranging between 3.2% and 7.25% (2010: 3.25% - 6.25%).

### (21) Trade Payables and Other Current Liabilities

	2011	2010
	JD	JD
Central Electricity Generating Company	480,997,778	184,079,941
Egypt Electricity Transmission Company	18,076,231	5,037,156
Public Establishment for Electrical Generation and Transfer - Syria	387,894	8,313,289
Samra Electricity Generating Company	87,060,966	19,763,844
East Amman station	6,227,345	5,347,778
Al-Qatraneh Generating Company	5,702,407	-
Jordan Valley Authority - King Talal Dam	89,688	101,027
Indo-Jordan Chemicals Company	45,033	2,409
Total payables related to power purchases	598,587,342	222,645,444
Jordanian Egyptian Fajr for Natural Gas Transmission & Supply Company	75,160,464	49,610,177
Ministry of Finance - The Ministry's share of gas cost	1,047,904	989,646
Total payables related to gas purchases	76,208,368	50,599,823
Government deposits and others	23,628,755	643,400

Due to contractors and others	17,051,635	1,751,035
Due to employees	47,734	18,457
Total payables	715,523,834	275,658,159
Board of directors' remuneration	16,221	14,900
Provision for legal cases filed against the Company	2,903	2,903
Provision for Jordanian universities additional fees	-	397,102
Provision for scientific research and vocational training	-	397,102
Contractors' retentions	6,691,240	8,953,612
Advance payments on projects and studies for other parties	2,156,661	1,895,025
Accrued interest	10,222,393	2,649,985
	734,613,252	289,968,788

### (22) Income Tax Provision

	2011	2010
	JD	JD
At 1 January	4,558,797	5,328,506
Paid during the year	( 587,324)	( 769,709)
Provided during the year	--	--
At 31 December	3,971,473	4,558,797

No provision for income tax has been provided for the year 2011 due to the excess of expenses over taxable revenues.

The Company has obtained clearance from the Income and Sales Tax Department up to the end of 2010.



### (23) Sales of Electric Power

2011	Quantity Sold	Tariff	Total Power Sales
	Megawatt/hr*	Fils/Kilo-watt	JD
Jordan Electricity Company	9,217,520	53.848	496,345,583
Irbid District Electricity Company	2,376,538	47.452	112,771,368
Electricity Distribution Company	2,666,664	45.266	120,709,996
Egyptian Electricity Transmission Company	4,189	134.308	562,618
Public Establishment for Electrical Generation and Transfer - Syria	149	119.172	17,706
Al-Quds Electricity Company	75,667	59.701	4,517,414
Wholesale subscribers	791,439	76.222	60,325,026
	15,132,166	52.554	795,249,711
2010			
Jordan Electricity Company	8,677,049	49.337	428,099,617
Irbid District Electricity Company	2,200,776	41.627	91,611,546
Electricity Distribution Company	2,575,666	37.762	97,260,351
Egyptian Electricity Transmission Company	3,776	94.739	357,736
Public Establishment for Electrical Generation and Transfer - Syria	223	101.362	22,591
Al-Quds Electricity Company	48,380	72.113	3,488,798
Wholesale subscribers	753,110	65.726	49,498,945
	14,258,980	47.012	670,339,584

\* Each megawatt equals 1,000 kilowatts.

### (24) Electric Power Purchases

2011	Quantity Purchased	Tariff	Total Power Purchases
	Mega-watt/hr	Fils/Kilo-watt	JD
Central Electricity Generating Company	7,561,402	125.272	947,233,489
Egyptian Electricity Transmission Company	1,457,559	110.860	161,585,637
Public Establishment for Electrical Generation and Transfer - Syria	280,475	117.976	33,089,415
Samra Electricity Generating Company	3,508,321	106.839	374,825,435
East Amman station	2,222,837	74.915	166,523,676
Al-Qatraneh Station	438,097	123.735	54,208,021
King Talal Dam and Indo-Jordan Company	13,784	25.489	351,344
	15,482,475	112.244	1,737,817,017
2010			
Central Electricity Generating Company	7,193,977	69.949	503,211,215
Egyptian Electricity Transmission Company	445,783	79.174	35,294,524
Public Establishment for Electrical Generation and Transfer - Syria	224,347	86.392	19,381,891
Samra Electricity Generating Company	3,390,169	32.695	110,840,136
East Amman station	3,237,869	29.588	95,800,824
Al-Qatraneh Station	53,652	26.060	1,398,190
King Talal Dam and Indo-Jordan Company	15,297	23.446	358,633
	14,561,094	52.625	766,285,413

### (25) Maintenance and Operating Expenses

	2011	2010
	JD	JD
Assets maintenance	554,407	2,250,002
Building maintenance	289,028	374,373
Vehicles fuel and maintenance	548,030	613,456
Safety supplies	83,297	76,836
Others	7,000	7,000
	1,481,762	3,321,667

### (26) Administrative and Operating Expenses

	2011	2010
	JD	JD
Salaries and wages	13,792,813	12,579,720
Company's contributions to employees	3,104,039	2,849,905
Assets insurance,	2,571,197	2,434,027
Settlement with the Social Security Corporation	11,772	2,621,701
Licensing fees with Electricity Regulatory Commission	1,134,901	1,069,407
Professional and consultancy fees	794,958	937,455
Subscriptions with organizations and unions	37,259	31,935
Stamps and universities fees	33,302	55,864
Registration and licensing fees	24,442	24,154
Stationery, printings and office supplies	58,803	70,103
Water, electricity and heating	219,237	217,802
Per diems and tickets	165,777	272,935
Postage, telephone and internet expenses	83,417	102,143
Board of directors' fees	40,782	28,500
Training expenses	58,345	57,830
Cleaning expenses	101,814	88,023
Seminars and Conferences expenses	15,441	36,622
Security expenses	401,933	413,440
Medical committees fees and medical checks	6,902	7,986
Hospitality expenses	26,092	29,422
Advertising and services marketing expenses	77,123	83,784
Others	127,235	161,451
	22,887,584	24,174,209

### (27) Other Revenues

	2011	2010
	JD	JD
Net international services revenue *	1,179,657	1,214,309
Dividend income	43,679	94,289
Compensation income from insurance companies	64,870	60,584
Revenue from sale of written-off materials	36,950	64,515
Bid forms revenue	55,044	124,979
Gain on sale of property and equipment	19,653	9,999
Interest on payments due on sold power	1,170	-
Revenue from penalties on delayed material delivery	3,388	41,239
Printing services revenue	13,070	7,766
Interest income	5,539	4,040
Others	1,133	26,468
	1,424,153	1,648,188

\* Net international services revenue:

	2011	2010
	JD	JD
Consulting and studies revenue	1,649,216	2,236,587
Employees' rewards for services projects	(5,100)	(20,624)
Consulting and studies expenses	(464,459)	(1,001,654)
	1,179,657	1,214,309

### (28) Other Expenses

	2011	2010
	JD	JD
Net housing complex expenses*	13,243	54,340
Company's contribution in roads lighting	58,443	49,679
Materials written-off	30,382	229,724
Loss on disposal of property and equipment	-	45
Others	52,638	52,562
	154,706	386,350

\* Net housing complex expenses:

	2011	2010
	JD	JD
Housing complex income	( 21,773 )	( 16,900 )
Housing complex expenses	35,016	71,240
	13,243	54,340

### (29) Settlement Of Gas Liabilities on Provisions Years

This amount represents the amounts released to the statement of comprehensive income out of the balance payable to Jordan Egyptian Fajr for Natural Gas Transmission&Supply Company as a result of the settlement made between the two companies.

### (30) Compensation of Key Management Personnel

	2011	2010
	JD	JD
Salaries and other benefits	460,675	429,711
Board of directors' remuneration	16,221	14,900
	476,896	444,611

### (31) Contingent Liabilities

#### Letters of credit

As at 31 December 2011, the Company had letters of credit amounting to JD 808,266 (2010: JD 7,860,102).

#### Letter of guarantee

As at 31 December 2011, the Company had letters of guarantee amounting to JD 108,106 (2010: JD 475,822 ).

#### Legal cases against the Company

As at 31 December 2011, the Company was a defendant in a number of lawsuits amounting to JD 16,407,339 (2010: JD 13,390,379) mainly being legal cases raised by owners of land lots that the Company had acquired for its benefit, in addition to other legal cases raised by owners of land lots through which the Company's high-voltage transmission lines pass. The Company recognises the amounts paid as compensations to acquire the land lots on the ruling date and as part of land within property and equipment, while it recognises the amounts paid as compensations to owners of land lots through which the Company's high-voltage transmission lines



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### (32) SEGMENT INFORMATION

The following are the details of the Company's segments:

	2011			2010		
	Amman	Aqaba	Total	Amman	Aqaba	Total
	JD	JD	JD	JD	JD	JD
<b>Operating revenues</b>						
Sales of electric power	770,767,900	24,481,811	795,249,711	650,148,262	20,191,321	670,339,583
Other operating revenue	491,474	15,723	507,197	872,026	26,970	898,996
<b>Total operating revenues</b>	<b>771,259,374</b>	<b>24,497,534</b>	<b>795,756,908</b>	<b>651,020,288</b>	<b>20,218,291</b>	<b>671,238,579</b>
<b>Operating expense</b>						
Purchases of electric power	(1,683,944,689)	(53,872,328)	(1,737,817,017)	(743,296,850)	(22,988,563)	(766,285,413)
Gas carriage expenses to Al-Qatranah and Al-Samrah stations	(967,371)	(30,948)	(998,319)	(4,104,572)	-	(4,104,572)
Depreciation of property and equipment net of amortization of subscribers' contributions	(27,152,562)	(868,658)	(28,021,220)	(26,437,111)	(817,642)	(27,254,753)
Depreciation of non-moving spare parts	(395,245)	(12,645)	(407,890)	(263,566)	-	(263,566)
Provision end-of-service indemnity	(1,185,082)	(37,913)	(1,222,995)	(373,617)	-	(373,617)
Maintenance and operating expenses	(1,435,827)	(45,935)	(1,481,762)	(3,222,017)	(99,650)	(3,321,667)
Administrative and operating expenses	(22,178,071)	(709,513)	(22,887,584)	(23,448,536)	(725,673)	(24,174,209)
<b>Total operating expenses</b>	<b>(1,737,258,847)</b>	<b>(55,577,940)</b>	<b>(1,792,836,787)</b>	<b>(801,146,269)</b>	<b>(24,631,528)</b>	<b>(825,777,797)</b>
<b>Operating loss</b>	<b>(965,999,473)</b>	<b>(31,080,406)</b>	<b>(997,079,879)</b>	<b>(150,125,981)</b>	<b>(4,413,237)</b>	<b>(154,539,218)</b>
Interest expense	(20,988,774)	(671,467)	(21,660,241)	(7,495,464)	(231,819)	(7,727,283)
(Loss) gain on foreign currency revaluation	(1,487,515)	670	(1,486,845)	956,538	14,865	971,403
Other revenues	1,424,153	-	1,424,153	1,648,188	-	1,648,188
Other expenses	(154,706)	-	(154,706)	(386,350)	-	(386,350)
Reversed from allowance for doubtful debts	15,546	-	15,546	130,600	-	130,600
Provision for doubtful debts	(234,555)	-	(234,555)	(199,878)	-	(199,878)
<b>Loss before gas settlement</b>	<b>(987,425,324)</b>	<b>(31,751,203)</b>	<b>(1,019,176,527)</b>	<b>(155,472,347)</b>	<b>(4,630,191)</b>	<b>(160,102,538)</b>
Settlement of gas liabilities on previous years	10,671,802	341,410	11,013,212	-	-	-
<b>Loss before provisions</b>	<b>(976,753,522)</b>	<b>(31,409,793)</b>	<b>(1,008,163,315)</b>	<b>(155,472,347)</b>	<b>(4,630,191)</b>	<b>(160,102,538)</b>
<b>Board of directors' remuneration</b>	<b>(16,221)</b>	<b>-</b>	<b>(16,221)</b>	<b>(14,900)</b>	<b>-</b>	<b>(14,900)</b>
<b>Loss for the year</b>	<b>(976,769,743)</b>	<b>(31,409,793)</b>	<b>(1,008,179,536)</b>	<b>(155,487,247)</b>	<b>(4,630,191)</b>	<b>(160,117,438)</b>

## National Grid in Jordan's Power System







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