

Recommendation Paper

Renewable Energy (RE) Sector Amidst the COVID-19 Crisis

The entire energy sector has undergone a shock because of the Coronavirus COVID-19 due to the huge and sudden plummeting of demand on energy, while subjected to responsive Defence orders, procedures and other responsive measures to deal with the emerging technical developments due to this huge plummeting.

The ability of the energy sector in Jordan to overcome all related challenges to this crisis, is reliant on responsive methodologies, ability to put forth correct measures and criteria for returning back to work and well-studied plans for recovery that take into consideration the preservation of the environment and decreasing Carbon Dioxide (CO₂) emissions, hence the need to adopt alternative energy resources and avail global finance and funding sources. The Coronavirus COVID-19 crisis has indeed given the concepts of 'self-reliance' and 'energy security' new dimensions that cannot be ignored during or after the Coronavirus crisis. This Paper brings to you a number of procedures in which we see possibilities that may contribute to the energy portfolio management, and appropriately attract local and global investments, during this critical period.

Supporting the economy and self-dependency

- Review external energy resources contracts that are remitted in hard currency versus local energy resources contracts that are paid in the local Jordanian Dinars currency; example: renegotiating imported gas prices, given that the global gas tariffs were and still are low, at less than one-third of the agreed upon gas prices with some international entities. This is largely attributed to the global abundance of gas for more than tens of years to come.
- Adopt electronic services (e-services) through a system that serves applicants for renewable energy systems to expedite the execution of projects, hence accelerate the economic engines of this vital sector.
- Cancel renewable energy projects capacity ceilings to re-attract investments and pump local liquidity in hard currencies.
- Reduce final consumer electricity tariffs and review the electricity tariffs in accordance with the current reduction of oil and gas prices, given vast impact on industrial, manufacturing and services costs, hence elevating the Jordanian products competitiveness.

Supporting energy sector companies

- Facilitate accessibility and attainment of low-interest loans, which will largely contribute to elevating companies' capacities to fulfil their obligations towards their partners and staff.

- Re-schedule existing loans and extend their respective maturity dates; exempt companies from interests and postpone payments during cease of work.
- Exert efforts to return sector operations at a faster pace, with a high degree of strict health controls.
- Extend all forms of contracts, at equivalent periods to the delays caused by the current crisis.
- Pay back government projects dues to those meriting those payments, in order to partially contribute to solving the liquidity problem, while withdrawing fines on delayed and over-due work deliverables, or any other types of penalties deemed fit.
- Reduce or delay maturing instalments along the supply chain, such as terminal services charges at the Aqaba Port or customs fees and lowering the costs of electrical grid connectivity for distribution and transmission companies.
- The cease by the National Electricity Company from competing with the private sector over renewable energy projects, by offsetting large consumers and selling them electricity at prices that are less than the tariffs – which is apt to create deformity within the sector, or by abstaining from approving projects or hampering projects given it is the sole authority (the judge and the executor), which is depriving Jordan from funding, investments and creation of job opportunities – which we are in dire need for, particularly in these times. The private sector is the main contributor to the economy.
- Direct policies towards electricity demand support by incentivising returning the operation of the sectors that support this demand, while imposing strict health procedures.
- Returning the operations of the renewable energy stations of vital sectors such as: hospitals, communications and security entities which had been disconnected of late. Gradually easing back into operations has lead to the return of increased electricity loads, while computing the differences between the two intervals (the phase of disconnection and re-connection to the electricity grid), as a future saved balance.
- Lowering electricity tariffs for vital sectors.
- Extend connectivity agreements for wheeling systems with distribution companies for the same time interval of aforementioned stations disconnection.

On the level of long-term sector recovery, work has to start towards:

- Increasing the electricity grid capacity to receive and manage increasing quantities of locally produced electricity by:
- Increasing the percentage of energy storage projects on the electricity grid from large projects, coupled with legalizing decentralized systems.
- Investing in smart grids that may assist in managing energy fluctuations coming from renewable sources.
- Legalizing more dependency on electrical transportation mean