EDAMA
Energy, Water & Environment

Regulation No. (17) of 2025 – Amendments to the Electricity Licensing Fees Regulation

Position Paper

Jordan's economic modernization vision (2023-2033) prioritizes the energy sector as a cornerstone of all economic activities, aiming to enhance its competitiveness and foster sustainable development. The key objectives include improving energy efficiency, reducing carbon emissions, modernizing electrical infrastructure, and electrifying essential sectors, particularly water transportation and pumping. The vision also seeks to promote innovation in energy management and distribution technologies, increase reliance on renewable energy sources, expand operational capacities to meet growing electricity demand, develop energy storage systems, and attract investment to strengthen this critical sector.

We have witnessed numerous changes and amendments to laws, regulations, and policies after the signing of agreements and the implementation of contracts. These include amendments to renewable energy laws, modifications to the National Contribution Tax, changes in the clearance process for electric vehicles (where the current government, thankfully, addressed the issue and adjusted it by gradually applying the tax over several years), as well as ongoing efforts to reopen energy agreements. Additionally, there are the instructions issued under Regulation No. (58) of 2024 – the regulation governing the connection of renewable energy sources to the electrical grid and the exemption of renewable energy systems and energy consumption rationalization, which imposes hefty fees on the installation of renewable energy systems across most economic sectors. In addition to the recent amendment to electricity licensing fees under Regulation No. (17) of 2025, applicable to both renewable and conventional energy, where no consideration is given to the generation capacity of the facility for conventional plants and wind-based systems. This amendment has resulted in a significant increase in fees, exceeding 7 to 8 times the previous rates, which has negatively impacted current investors and the overall investment climate in Jordan.

This continuous approach of amending laws, regulations, and policies contradicts the economic vision, which relies on the stability of legislation and procedures. It also creates a state of instability among current and potential investors in the sector, whose economic feasibility is based on the consistency of laws and regulations. This weakens the ability of companies to build sustainable, long-term financial models and projects a negative image of the sector's investment environment. Consequently, both international and local investors are discouraged from engaging in the sector. As a result, opportunities to attract modern technologies, foreign capital, and create much-needed jobs in Jordan are lost.

Even minor amendments can lead to hesitation among investors, undermining trust, hindering expansion, and limiting growth in the sector, ultimately impacting Jordan's economy negatively.

Additionally, delays in payment of dues to companies by NEPCO (National Electric Power Company), coupled with persistent demands to reopen agreements for renegotiation, cause complications that include, for instance, banking loans and the internal obligations of companies. This negatively impacts the entire business models of companies and reduces investor confidence in the government's ability to meet its contractual commitments, therefore, deters them from making new investments.

Regarding this most recent change, and to ensure fairness and in support of sustainable development, EDAMA Association for Energy, Water, and Environment and its members would like to clarify their position on Regulation No. (17) of 2025 - Amendments to Electricity Licensing Fees Regulation.

This amendment is inconsistent with Jordan's economic vision and poses significant challenges to the country's future aspirations in technology and energy, which aim to position Jordan as a leader in sustainability and innovation.

By introducing unexpected financial burdens on energy producers, the amendment escalates their liabilities and constrains their ability to meet commitments to lenders. This deters investments in the sector at a time of urgent need for sustainable solutions, ultimately jeopardizing the development and growth of Jordan's energy industry.

Moreover, the financial burdens resulting from this amendment far exceed the revenues generated through it. With reference to Table (1) below, the financial benefits from the fees resulting from this amendment to the regulation can be estimated as follows:

- Increase in fees for renewable energy from wind:
  105,000 Jordanian Dinars * 8 companies = 840,000 Jordanian Dinars.
- Increase in fees for renewable energy from solar sources:
  1,250 Jordanian Dinars * 1,505 megawatts = 1,881,250 Jordanian Dinars.
- Increase in fees for conventional energy:
  141,000 Jordanian Dinars * 12 companies = 1,692,000 Jordanian Dinars.

This amounts to a total of approximately 4,413,250 Jordanian Dinars only. So, the financial benefits of this amendment are deemed modest in comparison to the anticipated losses in investments and other income sources that are likely to affect the sector. Furthermore, frequent amendments to regulations and laws diminish investor confidence and reduce trust in Jordan's investment climate.

Aavailable Capacity of Generation Plants (MW)

		Capacity MW	Type of GEN	FUEL Type
AES Jordan PSC (IPP1)		370.0	CC	GAS/DIESEL
QEPCO (IPP2)		373.0	CC	GAS/DIESEL/HFO
AAEPCO (IPP3)		573.0	G.T	GAS/DIESEL/HFO
AES Levant Holding (IPP4)		241.0	G.T	GAS/DIESEL/HFO
SEPGCO	CC1	300.0	CC	GAS/DIESEL
	CC2	300.0		
	CC3	430.0		
	CC4	211.4		
WIND ENERGY		622.0		REN/WIND
SOLAR ENERGY	Transmission Network	992.0		REN/SOLAR
	Distribution Network *	1,100.0		REN/SOLAR
ACWA		485.0	CC	GAS/DIESEL
ATTARAT		470.0		OIL SHALE
CEGCO		363.6		
AQABA THERMAL		360.0	STEAM	GAS/HFO
AQABA / HYDRO		3.6	HYDRO	HYDRO
REHAB		270.0	CC	GAS/DIESEL
RISHA		60.0	G.T	GAS
BIOGAS		3.5		
KING TATAL DAM		6.0		
TOTAL		7,171		
* Estimited				

Table (1) – Source: https://www.nepco.com.jo/Stats.aspx

It also introduces unnecessary complexities into the carbon credit program, diminishing Jordan's ability to capitalize on the opportunities this program offers to support sustainable development and strengthen the national economy. Additionally, these complexities reduce the likelihood of securing funding and international grants aligned with Jordan's national vision, negatively impacting the implementation of sustainable development initiatives.

Furthermore, with significant advancements in artificial intelligence, energy demand is expected to rise dramatically, particularly for clean energy. For example, data centers are projected to require up to ten times their current energy levels to meet the needs of AI development, including the energy needed for computational processing and climate control within these centers. Aligning with Jordan's national vision to become a leader in technology and renewable energy, the country has a unique opportunity to capitalize on this growing regional energy demand and position itself as a key provider of sustainable energy solutions to support this transformation.

The negative impacts of this regulation amendment, along with successive changes to laws and regulations, far outweigh the benefits gained from them. Therefore, we urge the legislative parties to reconsider this amendment and previous changes to avoid the negative effects these could have on the energy sector and the economy of our beloved Jordan.

Finally, as His Majesty King Abdullah II stated, "Economic growth depends on effective partnerships between the public and private sectors, especially in renewable energy and infrastructure." Collaboration between the public and private sectors in the energy field is crucial, with the active involvement of the private sector in developing legal frameworks and regulatory policies. This partnership is vital for fostering genuine cooperation and driving progress toward achieving sustainable development goals.