Electricity & Cogeneration Regulatory Authority

Activities and Achievements of the Authority

2009
Our Mission
To insure that supplies of electricity and desalinated water products provided to consumers in the Kingdom are:

- Adequate
- Reliable
- Of high quality, and
- Fairly priced.
بسم الله الرحمن الرحيم
# Table of Contents

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of the Report</td>
<td>7</td>
</tr>
<tr>
<td><strong>GENERAL BACKGROUND</strong></td>
<td></td>
</tr>
<tr>
<td>The Electricity and Water Desalination Sector</td>
<td>12</td>
</tr>
<tr>
<td>Overview of the Authority</td>
<td>14</td>
</tr>
<tr>
<td>Electricity Industry in the Kingdom</td>
<td>18</td>
</tr>
<tr>
<td>Electricity Tariff in the Kingdom</td>
<td>27</td>
</tr>
<tr>
<td>Water Desalination in the Kingdom</td>
<td>32</td>
</tr>
<tr>
<td>A View Towards the Future Structure of the Electricity and Water Desalination Industry</td>
<td>35</td>
</tr>
<tr>
<td>Participation of the Private Sector in the Electricity and Water Desalination Industry</td>
<td>39</td>
</tr>
<tr>
<td><strong>ACTIVITIES AND ACHIEVEMENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Consumer Care and Service Providers Affairs</td>
<td>43</td>
</tr>
<tr>
<td>1- Studies:</td>
<td></td>
</tr>
<tr>
<td>a) Causes of Electricity Outages</td>
<td>43</td>
</tr>
<tr>
<td>b) Study of Legal Ramifications of Power Outages</td>
<td>44</td>
</tr>
<tr>
<td>c) Study of Consumer Disputes</td>
<td>44</td>
</tr>
<tr>
<td>2- Service Provision Manual</td>
<td>44</td>
</tr>
<tr>
<td>3- Electronic Bill Program to Estimate Electricity Consumption</td>
<td>46</td>
</tr>
<tr>
<td>4- Consumer Complaints</td>
<td>46</td>
</tr>
<tr>
<td>5- Joint Committees:</td>
<td>49</td>
</tr>
<tr>
<td>a) Jurisdictional Conflicts in Consumer Complaints</td>
<td>49</td>
</tr>
<tr>
<td>b) Service Extension to Land Grant Subdivisions</td>
<td>49</td>
</tr>
<tr>
<td>c) Bylaw Governing Emergency Electricity Power Supplies</td>
<td>50</td>
</tr>
<tr>
<td>d) Plan for Electricity Connection to Farms and Villages</td>
<td>50</td>
</tr>
<tr>
<td><strong>Tariffs</strong></td>
<td></td>
</tr>
<tr>
<td>1- Non-residential Consumption Tariff</td>
<td>51</td>
</tr>
<tr>
<td>2- Preparation of Program of Electricity Industry Data Management and Tariff Calculation</td>
<td>52</td>
</tr>
<tr>
<td><strong>Codes and Regulations</strong></td>
<td></td>
</tr>
<tr>
<td>1- Desalinated Water Code</td>
<td>53</td>
</tr>
<tr>
<td>2- Connection to a Transmission System Agreement</td>
<td>53</td>
</tr>
<tr>
<td>3- Energy Conversion Agreement</td>
<td>53</td>
</tr>
<tr>
<td>4- Charges for Use of Transmission System Agreement</td>
<td>53</td>
</tr>
<tr>
<td>5- Exchange of Transmission System Services Agreement</td>
<td>53</td>
</tr>
<tr>
<td><strong>Licensing</strong></td>
<td></td>
</tr>
<tr>
<td>1- Authorizations</td>
<td>54</td>
</tr>
<tr>
<td>2- Licenses</td>
<td>54</td>
</tr>
<tr>
<td>3- Exemption from Licensing</td>
<td>55</td>
</tr>
<tr>
<td>4- Licensing Forms</td>
<td>55</td>
</tr>
<tr>
<td>Subject</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Electricity and Water Desalination Industry Plans</strong></td>
<td>56</td>
</tr>
<tr>
<td>1- The Electricity Industry Restructuring Plan</td>
<td>56</td>
</tr>
<tr>
<td>2- Long Range Plan for Electricity Generation and Transmission</td>
<td>56</td>
</tr>
<tr>
<td>3- Development of Long Range Plan for Desalinated Water</td>
<td>56</td>
</tr>
<tr>
<td>4- Plan for Development of Renewable Energy in the Kingdom</td>
<td>57</td>
</tr>
<tr>
<td><strong>Standards, Quality of Service, and Performance Monitoring</strong></td>
<td>59</td>
</tr>
<tr>
<td>1- Study to Prepare KPI's for the Electricity Industry</td>
<td>59</td>
</tr>
<tr>
<td>2- Study to Prepare Financial and Accounting KPI's for SEC</td>
<td>59</td>
</tr>
<tr>
<td><strong>E-Management and IT</strong></td>
<td>60</td>
</tr>
<tr>
<td>1- E-Management</td>
<td>60</td>
</tr>
<tr>
<td>2- Administrative Communications Program</td>
<td>60</td>
</tr>
<tr>
<td>3- Data Security</td>
<td>60</td>
</tr>
<tr>
<td>4- ECRA's Website</td>
<td>60</td>
</tr>
<tr>
<td><strong>Other Activities</strong></td>
<td>61</td>
</tr>
<tr>
<td>1- Electricity Bill Payment Assistance to Beneficiaries of Social Security</td>
<td>61</td>
</tr>
<tr>
<td>2- GCC Interconnection</td>
<td>61</td>
</tr>
<tr>
<td><strong>Human Resources and Finances</strong></td>
<td>62</td>
</tr>
<tr>
<td>1- Human Resources</td>
<td>62</td>
</tr>
<tr>
<td>2- Training and Manpower Development</td>
<td>62</td>
</tr>
<tr>
<td>3- Financial Data</td>
<td>62</td>
</tr>
<tr>
<td><strong>APPENDICES</strong></td>
<td></td>
</tr>
<tr>
<td>Appendix (1): Authorizations, Licenses, and Exemptions from Licensing</td>
<td>66</td>
</tr>
<tr>
<td>Appendix (2): Documents and Information Available on ECRA's Website</td>
<td>71</td>
</tr>
<tr>
<td>Appendix (3): Dispute Resolution</td>
<td>73</td>
</tr>
<tr>
<td><strong>THE BOARD AND MANAGEMENT OF THE AUTHORITY</strong></td>
<td>77</td>
</tr>
</tbody>
</table>
Summary of the Report
Summary of the Report

This report contains an outline of the structure of the electricity sector in Saudi Arabia, a brief overview of the Electricity & Cogeneration* Regulatory Authority (ECRA), a description of the electricity and water desalination industries in the Kingdom, and issues related to these industries.

The main purpose of the report is to give a complete picture of the Authority’s activities in 2009 which included the following:

- Execution of a comprehensive study of causes of power interruptions.
- Start of a study of the legal implications of power interruptions.
- Completion of the consumer complaints study.
- Preparation, approval, and issuance of (The Service Provision Manual).
- Launching the Electronic Bill Program on ECRA’s website for estimating electricity consumption.
- Resolution of about 82% of the 832 consumer complaints received by the Authority.
- Completion of the work of several joint committees in which the Authority participated that included: jurisdictional conflicts in consumer complaints, service extension to land grant subdivisions, and electricity connection plan for farms and villages.
- Continuation of the work on the emergency electricity power supply bylaw.
- Start of preparation of the non-residential consumption tariff.
- Continuation of work on preparation of the desalination code; and agreements for connection to the transmission network, energy conversion agreement, charges for use of the transmission system, and exchange of the transmission network services.

* Cogeneration: The simultaneous production of electricity and desalinated water, or steam used in other production processes, or both.
• Preparation of licenses for desalinated water, transportation of desalinated water, as well as work on the final version of the licenses for the Principal Buyer, and mobile generation units.

• By the end of the year the following licenses and exemption from licenses were issued by the Authority:
  - 14 authorizations to commence studies to undertake projects in electricity generation, cogeneration, and water desalination.
  - 28 licenses for electricity generation, transmission, trading, distribution, cogeneration and water desalination.
  - 13 exemptions from licensing for electricity generation, cogeneration and water desalination stations.

• Pursuing implementation of the electricity industry restructuring plan; and continuation of the work on development of the Long Range Plan for Electricity Generation and Transmission, and the Long Range Plan for Desalinated Water.

• Preparation of a plan for development of renewable energy in the Kingdom.

• Launching the program for electricity bill payment assistance to beneficiaries of social security in association with the Ministry of Social Affairs.

• Continuation of the process of building the Authority's internal infrastructure, streamlining its business operations and making greater strides in its move towards E-management.

The report includes an appendix outlining the activities of the Electricity Industry Dispute Resolution Committee*. The succeeding sections of this report contain details of the activities highlighted above.

* A committee, independent of the Authority, formed by a Council of Ministers decision.
General Background
Components of the Sector
The electricity and water desalination sector is composed of the following elements:

- **The Ministry of Water and Electricity** which is responsible for establishing overall policies, plans, and strategies for the **Electricity and Water Desalination Industry**.

- **ECRA** which is responsible for regulating the industry and issuing licenses to any person engaged in any of the activities of the electricity and water desalination industry. Details of the goals, objectives, and responsibilities of ECRA are contained in the following section of this report.

- **The Electricity and Water Desalination Industry** consists of entities licensed by ECRA, such as the Saudi Electricity Company (SEC), Saline Water Conversion Corporation (SWCC), and others as listed later in this report. These entities generate electricity, produce desalinated water (with or without simultaneous production of electricity) or steam (with simultaneous production of electricity), transmit or transport these products, distribute them to consumers, or trade in them.

- **The Consumers** who purchase the products of the electricity and water desalination industry for their own use.

The **Electricity Industry**: SEC is the dominant player in this industry as explained later in this report. It is a joint stock company whose shares are traded publicly in the Saudi Capital Market. Over 81% of the company’s shares are owned by the Government and Saudi Aramco. SWCC generates

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*Electricity and Water Desalination Industry*: Electricity services that persons (natural or corporate) undertake or intend to undertake, which include electricity generation, cogeneration, transmission of electricity, its distribution, supply and trading; water desalination, desalinated water transportation to points of distribution, and trading in desalinated water.
a significant share of the electricity sold by SEC. A few producers supply electricity to captive customers. Several Independent Power Projects (IPPs) and Independent Water and Power Projects (IWPPs) are currently under construction or in advanced stages of bidding.

ECRA’s Board has approved plans for restructuring the electricity industry by unbundling its main activities of generation, transmission and distribution. The aim of the unbundling is to create an environment conducive to competition wherever possible. It is clear that competition will be easiest in generation, but eventually competition will be introduced in the retail business (non-wire related) of distribution and service providing activities.

The Water Desalination Industry: At the present time SWCC is practically the only significant player in the water desalination arena. SWCC is currently a government agency but has over the past few years worked diligently on plans to privatize all its operations. These plans have finally received government approval near the end of 2009. Work is currently being carried out by SWCC management to implement the approved plans. It is anticipated that the outcome of the privatization process will be introduction of real competition in this industry which hitherto has been absent. Several IWPPs are under construction or in the process of bidding and when completed and operational, these plants will supply a major portion of the desalinated water requirement in the Kingdom.
Overview of the Authority

Introduction
The Electricity & Cogeneration Regulatory Authority (ECRA) was established in 1422* AH (2001). It is a government entity with autonomous administrative and financial authorities that is responsible for regulating the electricity and water desalination industry in Saudi Arabia.

The main objective of the Authority is to insure that consumers in the Kingdom obtain electricity supplies; and products of cogeneration and water desalination that are adequate, reliable, of high quality, and at reasonable prices.

To carry out this objective the Authority monitors performance of the service providers, within a regulatory framework that is consistent with the government laws, its decisions and policies, and the applicable standards in the Kingdom as well as international best practices.

Goals
The main goals of the Authority are:

• Protection of the public interest and rights of consumers.
• Promotion of consumer oriented electricity, water desalination, and cogeneration services that protect the consumer’s right of choice among competing service providers.
• Encouragement of private sector investors to participate and invest in the development of the Saudi electricity and water desalination industry, protecting their interests, and enabling them to realize fair economic returns on their investments.

• Formation of a clear, transparent, stable, and non-discriminatory regulatory framework for the electricity and water desalination industry.
• Creation of a favorable environment that encourages legitimate and fair competition among providers and suppliers of electricity and water desalination industry.

Responsibilities
To achieve ECRA’s objectives the government has charged it with certain responsibilities that are delineated in the Electricity Law and the Authority’s Charter. Specifically, these responsibilities cover four areas as follows:

Supply Matters - issuing licenses for generation, transmission, distribution, retailing, and trading of electricity and cogeneration services as well as production, trading, and transportation of desalinated water; monitoring licensees’ compliance with their license requirements and conditions; development of unified regulatory accounting and reporting procedures for electricity, cogeneration, and desalination providers; coordination of the infrastructure of the electricity and water desalination industry, and development of the expansion plans of these industries.

* The Authority was established by Council of Ministers Decision Number 236 issued on 27/8/1422 AH (13 November 2001). On 17/5/1425 AH (5 July 2004), the Council of Ministers, by Decision Number 163, assigned to the Authority the additional responsibility of regulating the cogeneration industry. Consequently, the Authority’s name was revised to the current appellation of “Electricity & Cogeneration Regulatory Authority” (ECRA). On 4/5/1428 AH (21/5/2005) the Council of Ministers promulgated a new charter for the Authority through the Council’s Decision Number 154 that included addition of the regulation of production and transportation of desalinated water to the existing ECRA remit.
Consumer Issues - assessment of tariffs charged for supply of electricity, cogeneration, and water desalination services, periodic review of these tariffs, proposing (as needed) new tariffs to the government, protecting interests of stakeholders in the industry, investigating and resolving complaints by involved parties, and improving industry performance.

Technical Issues - developing and issuing best practice codes and standards, insuring adequacy of the R&D activities of the electricity and water desalination industry, promoting energy conservation measures in coordination with the Ministry of Water and Electricity (MWE), and handling other relevant technical matters.

Organizational and Administrative Tasks - defining public interest with regard to the electricity and water desalination industry, development of regulations for expansion of the infrastructure of the industry, encouraging private sector participation and investments, and issuing periodic reports to the Council of Ministers on costs and tariffs of electricity, cogeneration, and desalination services.

Organizational Structure
ECRA is supervised by a board of directors chaired by the Minister of Water and Electricity, with the Governor of the Authority as deputy chair, six members from senior government officials representing the ministries of Water and Electricity, Finance, Petroleum & Mineral Resources, Commerce & Industry, Economy & Planning, and SWCC; and five members selected on their own merits. The section of this report entitled “The Board and Management of the Authority” shows the composition of the Board in 2009.

The Authority is headed by the Governor who is appointed by a Royal Order at the ministerial rank of “Distinguished Grade”. The Governor is the chief executive and operating officer of the Authority. The Governor is assisted by three vice-governors, and a number of permanent and temporary advisors and consultants. The information technology and the public relations departments report directly to the Governor.

Each vice-governor heads a sector of ECRA’s operations as follows:

1- Vice-Governor for Consumers and Service Providers Affairs
Supervises the following two departments:

Consumer Care: handles documentation of consumers’ rights and responsibilities, investigates their complaints and claims of violations by service providers, prepares cases for referral to the Electricity Industry Dispute Resolution Committee, and periodically reviews causes of consumers’ complaints and disputes in order to suggest appropriate rules and procedures to eliminate them.

Service Providers Affairs: handles documentation of service providers, rights and obligations, reviews disputes and claims of violations by a services provider against another or against the Authority, prepares cases for referral to the Electricity Industry Dispute Resolution Committee, and periodically reviews causes of service providers’ complaints and disputes in order to suggest appropriate rules and procedures to eliminate them.

2- Vice-Governor for Regulatory Affairs
Oversees the following departments:

Technical Affairs: prepares technical studies dealing with regulating the electricity and water desalination industry, develops rules to insure provision of reliable and efficient services, prepares standards of performance for licensees, and oversees their compliance with these standards.
Overview of the Authority

Legal and Licensing Affairs: receives applications for authorizations, licenses, and exemptions from licensing; oversees compliances of licensees with the requirements and conditions of the Law and their licenses; prepares contracts and agreements; drafts and reviews proposed rules, procedures, regulations, and forms used for the industry; and represents the Authority and defends it in litigations and courts.

Economics and Tariff Affairs: conducts studies on the economics of the electricity and water desalination industry; prepares studies for tariff reviews; develops indicators and incentives for consumers and service providers to encourage conservation and improve performance; and maintains the Electricity National Register and updates its contents periodically.

3- Vice-Governor for Support Services
Oversees the following departments which deal with the Authority’s internal and back office operations:

Financial Affairs: includes accounting, purchasing, and storehouse.
Human Resources: handles personnel affairs, employment, training, health insurance, travel, and personnel services.

Support Services: oversees, among other things, mail services, transportation, janitorial services, maintenance of building, office equipment and furniture, and central archives.

The structure of the organization chart of the Authority is shown in Figure (1).
Figure (1): Organization chart of the Authority
Electricity Industry in the Kingdom

The Saudi electricity system is the largest in the Arab world, where peak load in 2009 reached 39,900 MW. The following is a brief description of this system.

**Generation**
Generation capacity in the Kingdom in 2009 reached 51,195 MW*. Of this total capacity SEC owned 79%, SWCC 10%, and ownership of the remainder was distributed among several producers as shown in Table (1) and Figure (2).

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*All data appearing in this section of the report has been obtained from SEC, excepting data for generation.
Table (1): Generation capacities

<table>
<thead>
<tr>
<th>Producing entity</th>
<th>No. of plants</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC</td>
<td>50</td>
<td>40,366</td>
</tr>
<tr>
<td>SWCC</td>
<td>12</td>
<td>5,135</td>
</tr>
<tr>
<td>Tihama Power Generation Co.</td>
<td>4</td>
<td>1,083</td>
</tr>
<tr>
<td>Marafiq (Yanbu)</td>
<td>1</td>
<td>1,033</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>6</td>
<td>1,018</td>
</tr>
<tr>
<td>Saudi Cement Company</td>
<td>2</td>
<td>266</td>
</tr>
<tr>
<td>Jubail Water and Power Co.</td>
<td>1</td>
<td>733</td>
</tr>
<tr>
<td>Shuaibah Water and Power Co.</td>
<td>1</td>
<td>1,191</td>
</tr>
<tr>
<td>Jubail Power Co.</td>
<td>1</td>
<td>250</td>
</tr>
<tr>
<td>Rabigh IWPP</td>
<td>1</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79</strong></td>
<td><strong>51,195</strong></td>
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Figure (2): Distribution of generation capacities among producers

<table>
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<tr>
<th></th>
<th>SEC 79%</th>
<th>Other Producers 11%</th>
<th>SWCC 10%</th>
</tr>
</thead>
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Figure (3) shows distribution of generation capacities in the four operating areas of SEC - see map of Figure (4). The Eastern and Central operating areas are strongly interconnected and about 23% of the peak load in the Central area is served by generation in the Eastern area.
Transmission
At present SEC has a monopoly on transmission of electric power in the Kingdom. Transmission from the generation plants to the consumption areas is carried through high voltage overhead lines that have a total length of 39,195 km and underground lines that have a total length of 3,508 km.

The national network consists of the following parts:
- The transmission network that connects generation plants and load centers in the Eastern Operating Area, with the Riyadh, Gaseem, and Hayil Regions,
- the transmission network that connects the generation plants and load centers in the Makkah Region with the Madinah Region,
- the transmission network that connects generation plants and load centers in Asir with the Baha and Jazan Regions, and
- the transmission networks in the other regions that connect their generation plants with their load centers.

Other regions are still not electrically interconnected. The interconnection of the Southern and Western operating areas is expected to be completed in 2011 through completion of the connection between Shuqaiq Station (in Jazan Region) with Shuaibah Station (in Makkah Region). Completion of the Gaseem-Madinah transmission line (which started in 2008) will link the electricity networks in the Central and Western areas, thus establishing the integration of all regional transmission networks into a national grid facilitating the transmission of electric energy all over the country.

**Distribution**
Currently SEC has a monopoly also of electricity distribution to consumers in the Kingdom. In 2009 SEC delivered a total of 193,472 GWh of energy, an increase of 6.8% over the previous year. The number of customers increased over the same period by 5.2% to 5,701,516. Table (2) shows the distribution of customers classified by consumption type. As evident from Figure (5), the residential sector consumes more than half of the total electricity sold.

The distribution network consists of 194,071 km of overhead lines and 171,067 km of underground lines.

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**Table (2): Distribution of SEC customers and their consumption in 2009**

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of subscribers</th>
<th>Consumption (GWh)</th>
<th>Percent of total consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>4,675,554</td>
<td>100,832</td>
<td>52%</td>
</tr>
<tr>
<td>Government</td>
<td>195,876</td>
<td>26,232</td>
<td>14%</td>
</tr>
<tr>
<td>Commercial</td>
<td>753,325</td>
<td>23,203</td>
<td>12%</td>
</tr>
<tr>
<td>Industrial</td>
<td>7,289</td>
<td>34,654</td>
<td>18%</td>
</tr>
<tr>
<td>Others</td>
<td>69,472</td>
<td>8,551</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,701,516</strong></td>
<td><strong>193,472</strong></td>
<td></td>
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**Figure (5): Distribution of consumption by class Kingdom-wide**

- Residential 52%
- Commercial 12%
- Industrial 18%
- Government 14%
- Others 4%
The Western Operating Area has the largest consumption of electricity (37%), followed by the Central Operating Area, while the Southern Operating Area’s consumption is only a third of the average consumption of the other three areas Figure (6).

The distribution of consumption among the various categories shows a marked regional variation. While industrial consumption dominates in the Eastern area Figure (7), in the other operating areas residential consumption is dominant. It is more than 50% in the Central Area Figure (8), around 65% in the Western Area Figure (9), and reaches a maximum of over three quarters of total consumption in the Southern Area Figure (10).
The distribution of residential and commercial consumption in 2009 in the operating areas Figure (11) reflects the relative population distribution among these areas. The larger government consumption in the Central Operating Area is attributed to the location of the Kingdom’s capital in that area. The presence of the two major industrial giants, Saudi Aramco and SABIC, in the Eastern Area explains the high industrial consumption of this area.
Figures for electricity generation from various sources, total quantity of electricity sold by SEC, and total energy loss of the entire SEC system are shown in Table (3).

<table>
<thead>
<tr>
<th>Table (3): Electricity production, sale, and losses</th>
</tr>
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<tr>
<td><strong>Quantity of electric energy (GWh)</strong></td>
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<tr>
<td>2009</td>
</tr>
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<td>-------------------</td>
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<tr>
<td>Electricity generated at SEC plants</td>
</tr>
<tr>
<td>Electricity imported from SWCC</td>
</tr>
<tr>
<td>Electricity imported from other producers</td>
</tr>
<tr>
<td>Total electricity generated and imported</td>
</tr>
<tr>
<td>Total electricity sold</td>
</tr>
<tr>
<td>Total electricity loss in the SEC system</td>
</tr>
<tr>
<td>Loss in the entire SEC system</td>
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</table>

**Consumer Service Connections**

At the end of 2008, SEC had 43,127 unfulfilled requests from consumers for service connections. During 2009, the company received 138,416 new requests. Of the total of 162,049 new and old requests, the company was able to satisfy 118,922, a response rate of 73.4%.

**Growth Trends in the Past Decade**

During the past decade (2000-2009) the number of consumers increased from 3,622,391 in 2000 to 5,701,516 in 2009 Figure (12), an increase of 57.4%. Energy sales during the same period increased by 69.6% from 114,049 GWh in 2000 to 193,472 GWh in 2009 Figure (13), while peak demand increased by 84.1% from 21.673 GW in 2000 to 39.900 GW in 2009 Figure (14).
Figure (12): Growth of the number of consumers in the past decade (2000-2009)

Figure (13): Growth of energy sales in the past decade (2000-2009)

Figure (14): Growth of peak demand in the past decade (2000-2009)
Fuel Types Used in Energy Production

Natural gas and crude oil were used as fuels to produce more than 72% of the energy in 2009 (Figure 15). The other fuels used were diesel and heavy fuel oil (HFO).

Figure (15): Fuel types used in electricity production in 2009
Electricity Tariff in the Kingdom

One of the most important concerns of ECRA is that tariffs are designed so that they are cost reflective, fair and affordable to end-users, their structure is easy to implement, and that income collected by the industry in accordance with these tariffs meets its’ revenue requirements.

In order to achieve these aims ECRA’s concerns include:

• Developing a methodology for tariff setting and for periodic review of the adopted tariffs.
• Designing and preparing a tariff structure.
• Developing an overall tariff policy statement for the Kingdom.
• Preparing a standardized financial reporting system to be utilized by all licensed service providers.
• Developing a comprehensive system to collect financial and operational data from all service providers in the Kingdom.
• Developing a comprehensive cost accounting system in order to assess service providers’ costs which ultimately affect the tariff paid by consumers.

ECRA is also keen that tariffs reflect the government concerns with regard to the efficient use of available energy sources, and depletion of resources and protection of the environment, as well as economic factors. Thus, ECRA strives to insure that tariffs in the Kingdom reflect those concerns by providing consumers with incentives to improve their utilization of the electricity system, and apply conservation measures that reduce their costs while at the same time they improve the efficiency of the power system.

A Brief History of Electricity Tariffs in the Kingdom

In the early years of introduction of electricity services in the Kingdom, prices of these services varied from one producer to another, depending on his cost of production. In 1954 the government decided to set electricity prices to be affordable to consumers. For example, the price in Jeddah was thus reduced from SR 0.55 per kWh to SR 0.325 per kWh. Prices were also set in Makkah and Taif at levels that guaranteed reasonable returns to the private owners of the utilities. In 1959 a new electricity tariff was issued by Council of Ministers Decision (CMD) 174 which set the prices as shown in Table (4),

| Table (4): Electricity Prices in Major Cities per CMD 174 of 1959 |
| --- | --- | --- | --- | --- |
| | All Consumers, Except Mosques (in SR/kWh) | | | Mosques (SR/kWh) |
| | First 100 kWh | More than 100 kWh | First four hours after sunset | Past four hours after sunset |
| Jeddah | 0.24 | 0.21 | 0.24 | 0.18 |
| Makkah | 0.30 | 0.25 | 0.30 | 0.17 |
| Madinah | 0.30 | 0.25 | 0.30 | 0.18 |
| Khobar | 0.30 | 0.25 | 0.26 | 0.17 |
| Dammam | 0.30 | 0.25 | 0.26 | 0.15 |

Beginning on 1/7/1383 AH (18/11/1963) the tariff prices were reduced and unified throughout the Kingdom by the Council of Ministers’ Decision Number (421) on 4/6/1383 AH (22/10/1963). The reductions were 12% for Jeddah, 30% for Makkah, and 40% for Taif. Concomitant with these reductions, the Government guaranteed the private utilities subsidies that covered their operating costs and a reasonable margin of profit. Further reductions in Jeddah were made in 1389 AH (1969) by the Saudi National Electric Power Company, the utility operator in the city, which reduced the rate from SR 0.24 to SR 0.20 per kWh.

On 30/11/1391 AH (17/1/1972) the tariff saw further reductions via CMD 1099. The prices were as shown in Table 5.
The CMD included two provisions:
- abolishing the “meter rent” and charging a fixed monthly service fee of SR 5.00 for non-industrial consumers and SR 20.00 for industrial consumers.
- providing annual subsidies to the utility companies if they failed to make profits. The subsidies were designed to guarantee the companies a profit margin of 7%.

On 1/7/1393 AH (31/7/1973) the government decreed reduction of the tariff by 50-60% in 16 smaller towns in the Kingdom that fixed the rate at SR 0.18 per kWh for industrial consumption and SR 0.20 per kWh for all other consumption. The subsidies for companies operating in these towns were set to allow for a profit margin of 10% to encourage investment in electricity services in these regions.

On 20/7/1394 AH (9/8/1974) CMD 1020 set the tariff for industrial consumption at SR 0.05 per kWh, and SR 0.07 per kWh for all other consumption. The CMD also raised the guaranteed profit margin to 15% and provided for credit facilities and loans through the Saudi Industrial Development Fund to electricity operating companies.

On 1/3/1405 AH (23/11/1984), the Government adopted a graduated tariff that increased with each increasing “bracket” of consumption. The prices were as shown in Table (6).

<table>
<thead>
<tr>
<th>Monthly Consumption “Bracket” (kWh)</th>
<th>Non-industrial consumption (SR/kWh)</th>
<th>Industrial consumption (SR/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1000</td>
<td>0.07</td>
<td>0.05</td>
</tr>
<tr>
<td>1001-2000</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>&gt; 2000</td>
<td>0.15</td>
<td></td>
</tr>
</tbody>
</table>

In the following fifteen years 1405-1420AH (1985-2000) two modifications were made to this tariff that included enlargement of the “brackets”, expansion of the classes of beneficiaries, and reduction of the tariffs. A fee of SR0.05/kWh was added to consumption above 2000 kWh to establish a fund for electricity projects needed on an urgent or emergency basis.
The Current Tariff

In 1415 AH (1995) the Ministry of Industry and Electricity undertook a comprehensive study of the electricity sector in the Kingdom that culminated in the Council of Ministers Decision 169 which mandated total overhaul and restructuring of the entire sector. The decision also included approval of a new tariff Table (7) starting on 1/1/1421 AH (6/4/2000).

Table (7): Tariff as of 1/1/1421 AH (6/4/2000)

<table>
<thead>
<tr>
<th>Monthly Consumption (kWh)</th>
<th>Residential, Commercial, Government (SR/kWh)</th>
<th>Agricultural, Charitable Societies (SR/kWh)</th>
<th>Industrial (SR/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2,000</td>
<td>0.05</td>
<td>0.10</td>
<td>0.12</td>
</tr>
<tr>
<td>2,001-4,000</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,001-5,000</td>
<td>0.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,001-6,000</td>
<td>0.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,001-7,000</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,001-8,000</td>
<td>0.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,001-9,000</td>
<td>0.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,001-10,000</td>
<td>0.36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;10,000</td>
<td>0.38</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The tariff was later modified by Council of Ministers Decision 170 on 12/7/1421 AH (9/10/2000) to the current tariff shown in Table (8) which became effective from 1/8/1421 AH (29/10/2000).

Table (8): Current Tariff as of 1/8/1421 AH (28/10/2000)

<table>
<thead>
<tr>
<th>Monthly Consumption (kWh)</th>
<th>Residential, Commercial, Government (SR/kWh)</th>
<th>Agricultural, Charitable Societies (SR/kWh)</th>
<th>Industrial, Medical Facilities, Private Educational Institutions (SR/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2,000</td>
<td>0.05</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>2,001-4,000</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,001-5,000</td>
<td>0.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,001-6,000</td>
<td>0.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,001-7,000</td>
<td>0.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,001-8,000</td>
<td>0.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,001-9,000</td>
<td>0.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,001-10,000</td>
<td>0.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;10,000</td>
<td>0.26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In general, the electricity tariff in the Kingdom is one of the least expensive in the world as seen in Figure (16) which shows comparison of the average electricity tariff in the Kingdom with several countries. The data in this figure is the latest available in the internet.

To give an idea of the progression of tariffs in the Kingdom in the past six decades (1370-1430 AH, 1950-2009) Figure (18) illustrates the progression of the tariff for the first 100 kWh of residential consumption in the City of Jeddah as an example.

Average Monthly Bill* for Residential Consumption

Total residential consumption of electric energy in 2009 was 1,00,832 GWh, which represents 52.1% of total electric energy consumption in the Kingdom but only 38% of total SEC income for the year.

By studying average monthly residential consumption bills in the Kingdom the following becomes apparent Figure (18):

- 9% of subscribers (436,000 subscribers) did not consume any energy.

* Data were taken from the following site: http://en.wikipedia.org/wiki/electricity_tariff.

* Average monthly bill = Total cost of consumption for the whole year / 12 months
- Average cost of monthly consumption for 31.3% of actual consumers (1,462,000 subscribers) does not exceed SR50.00.
- Average cost of monthly consumption for 24.2% of actual consumers (1,133,000 subscribers) ranges between SR51.00 and SR100.00.
- Average cost of monthly consumption for 30.5% of actual consumers (1,425,000 subscribers) ranges between SR101.00 and SR500.00.
- Average cost of monthly consumption for 3% of actual consumers (137,000 subscribers) ranges between SR501.00 and SR1000.00.
- Actual consumers whose average cost of monthly consumption exceeds SR1000.00 are only 82,000 subscribers or 2% of a total of 4,676,000 actual consumers.

From the preceding data it is clear that nearly 95% of actual residential consumers (or 4,456,000 subscribers) pay an average monthly bill that does not exceed SR500.00 Figure (19).
In 2009, the average cost of a unit of electricity (kWh) in the Kingdom was about SR0.138. This figure covers the costs of generation, transmission, and distribution. It accounts for operational and capital expenditures, fuel, purchased electricity, and depreciation. The average price collected from consumers by SEC was SR0.123 per kWh.

It should be noted here that the preceding analysis concerns monthly averages for the whole year. The actual monthly bill will vary greatly from one month to another according to season. For most parts of the country, the bill amount in summer is much more than the average, while in winter it is much less than the average.
At present SWCC is responsible for the production of desalinated water and its transportation to the major reservoirs of the Potable and Sanitary Water Departments in the various cities and towns. These departments, which come under the purview of the Ministry of Water and Electricity, along with the National Water Company (NWC) are responsible for water distribution to the ultimate consumers. Figure (21) shows locations of the water desalination plants owned by SWCC throughout the Kingdom as well as the major water transportation pipelines.

Desalinated Water Production

In 2009 SWCC’s total desalinated water production was 1,096.9 million cubic meters, a decrease of 8.3% from its value in 2008 as shown in Table (9). Figure (22) shows the growth of the quantity of desalinated water produced by SWCC over the past ten years. The Kingdom’s current production represents 18.1% of world production of desalinated water and makes the Kingdom the largest producer in the world.

Table (9): Total desalinated water production at SWCC plants (millions of cubic meters)

<table>
<thead>
<tr>
<th>Plant</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jubail</td>
<td>404.7</td>
<td>398.9</td>
</tr>
<tr>
<td>Khobar</td>
<td>148.7</td>
<td>146.9</td>
</tr>
<tr>
<td>Khafji</td>
<td>7.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Jeddah</td>
<td>135.4</td>
<td>151.2</td>
</tr>
<tr>
<td>Shuaibah</td>
<td>147.2</td>
<td>226.7</td>
</tr>
<tr>
<td>Yanbu</td>
<td>119.1</td>
<td>119.5</td>
</tr>
<tr>
<td>Shugaig</td>
<td>34.3</td>
<td>36.4</td>
</tr>
<tr>
<td>Small plants</td>
<td>16.5</td>
<td>9.5</td>
</tr>
<tr>
<td><strong>Total Production</strong></td>
<td><strong>1,013.1</strong></td>
<td><strong>1,096.7</strong></td>
</tr>
</tbody>
</table>

Figure (21): Desalination plants and major desalinated water transportation lines in the Kingdom

Figure (22): The growth of the quantity of desalinated water produced by SWCC over the past ten years.
Production Capacity Factor
The production capacity factor expresses the ratio of actual production to design capacity. The overall average production capacity factor for the entire corporation decreased from 90.6% in 2008 to 82.6% in 2009. The decrease is due to several causes. They include ceasing production of Shuaibah’s Phase I units and reducing production of some of Phase II units in order to accommodate about 122 Million cubic meters of water received from Shuaibah Water & Electricity Company through SWCC pipelines. The capacity factor of the small plants also decreased due to entry of new projects late in the year which affected the factor through increasing the installed capacity in comparison to actual production. Shut downs due to scheduled maintenance and overhaul also contributed to decrease of the capacity factor.

Electricity Generation in SWCC
Most water desalination plants owned by SWCC are of the cogeneration type, where desalinated water is produced simultaneously with electricity. SWCC sells most of its electricity production to SEC. In 2009 SWCC generated 26.5 GWh of electricity. The West Coast Plants contributed 8.4 GWh (31.85% of total generation production) while the East Coast Plants produced 18.1 GWh (68.15% of total production).

SWCC Plants Costs of Production*
The average costs of desalinated water and electricity production as well as the average cost of transportation of desalinated water to the major reservoirs of the potable and sanitary water departments are shown in Table (10). It is clear from the table that production of desalinated water in small plants at remote areas serving very small communities is extremely expensive.

Table(10): SWCC average costs of production of desalinated water and electricity, and average cost of transportation of desalinated water.

<table>
<thead>
<tr>
<th>Cost of water production</th>
<th>Average Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast</td>
<td>2.25 SR/m³</td>
</tr>
<tr>
<td>West Coast</td>
<td>2.29 SR/m³</td>
</tr>
<tr>
<td>Small Plants</td>
<td>15.97 SR/m³</td>
</tr>
<tr>
<td>Cost of water transportation</td>
<td>1.33 SR/m³</td>
</tr>
<tr>
<td>Cost of electricity generation</td>
<td>0.0573SR/kWh</td>
</tr>
</tbody>
</table>

* Data for 2008.
Electricity
In 2009 the electricity industry in the Kingdom continued its organizational status as a single entity, namely SEC, which substantially dominates all aspects of the industry. It is characterized as a vertically integrated monopoly of all activities (generation, transmission, and distribution) as depicted in Figure (23).

Pursuant to the Electricity Law, ECRA in 2007 completed preparation of a plan to restructure the electricity industry. The plan was approved by ECRA’s Board and was subsequently submitted to higher authorities.

The plan outlines the major steps for unbundling the current vertically integrated structure of the industry through establishment of competing entities in generation, an independent entity for transmission characterized by an open and nondiscriminatory access policy, and laying the foundations for eventual introduction of competition in distribution.

The plan has been developed to meet or exceed global best practice. The approach is a deliberative step by step process where the move from one stage to the next is made only after full assurance of the success of the previous stage. It is envisaged that over a period of 8 years the plan will proceed in three phases: institutional development and unbundling, competition for services to large customers, and finally wholesale competition.

Key elements are establishment of an independent transmission company and a principal buyer, and implementation of a wheeling tariff. Figure (24) shows the expected structure of the electricity industry after completion of the plan.
Ultimately arrangements will feature multiple generators, multiple distributors, and electricity traded in liquid spot and bilateral markets. Figure (25) shows the industry structure after full implementation of the plan.
Figure (25): Electricity industry structure after full implementation of the plan
Charges for connecting and using activities which remain operating on monopoly basis, such as the transmission network, will be set by the Authority which will insure that these charges strike a balance between revenue adequacy and efficiency incentives. The plan examines in detail the existing legal framework and any new legal steps that may be necessary to implement the changes proposed.

Undoubtedly, the restructuring plan will ultimately lead to the creation of a competitive market in electricity services where prices are determined through free market forces of supply and demand.

**Water Desalination**

In the past few years SWCC undertook a tremendous effort to study the restructuring of its operations and amend its charter in order to encourage private sector participation in building and operating desalination plants. The studies focused particularly on alternatives for SWCC privatization. More than twenty privatization models were considered. The option ultimately chosen was that of transforming SWCC into a holding company with subsidiaries formed as production companies with the private sector participating in ownership of the holding companies as well as the subsidiaries. This is similar to the independent cogeneration companies (IWPP’s). The private sector may also participate through public share offerings at a later stage. SWCC’s board accepted this option and has submitted it to higher authorities. The implementation program of SWCC’s privatization in accordance with this option received approval of the Servitor of the Two Holy Sanctuaries/Chair of the Supreme Economic Council King Abdullah Ibn Abdul Aziz through Royal Letter Number (29/2) on 29/6/1429AH (3/7/2008).

Participation of the private sector in each holding company’s subsidiary production company will depend on the attractiveness of the investment and the condition of the plant/plants, but under all circumstance participation shall not be less than 60% of ownership of the subsidiary production company.

Subsequent to issuance of the Royal Approval of the implementation program of SWCC’s privatization, qualified consultants were authorized to execute the program for the Corporations’ privatization and restructuring, and transforming the plants targeted for privatization into production companies.

The targeted plants will first be transformed into production companies, and then documents will be prepared to make public offerings of the companies’ shares.

In the short and medium term (up to about five years) the private sector will participate in the holding company through management contracts. In the long term the possibility of transforming the water transportation unit into a production company will be considered. The private sector may then participate either through a public share offering or as a strategic partner. Table (11) shows the production companies proposed to be offered for private sector participation.

<table>
<thead>
<tr>
<th>Production Companies</th>
<th>Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yanbu Small Plants-1</td>
<td>Yanbu 1, 2, 3 and Reverse Osmosis Dhuba-3, Umloj-3, Wajh-3, and Wajh-4</td>
</tr>
<tr>
<td>Small Plants-2</td>
<td>Leith-1, AlQunfudah-1, Farasan-2 &amp; Rabigh-2</td>
</tr>
<tr>
<td>Alkhafji</td>
<td>Alkhafji-2 and 3</td>
</tr>
<tr>
<td>Shuaibah</td>
<td>Shuaibah-1, 2 and 3</td>
</tr>
<tr>
<td>Shuqaiq</td>
<td>Shuqaiq-1 and 3</td>
</tr>
<tr>
<td>Alkhobar</td>
<td>Alkhobar - 3 and 4</td>
</tr>
<tr>
<td>Jubail</td>
<td>Jubail-4 and Reverse Osmosis</td>
</tr>
</tbody>
</table>
ECRA considers private sector participation in the electricity and water desalination industry essential for the development and sustainability of this industry in the Kingdom. The Authority has thus placed this matter as one of its highest priorities.

As shown in Table (1), Page 19, the private sector already participates significantly in generation. According to a study undertaken to estimate the funding needs of the electricity services for the period 2009-2020, the amount required for electricity generation, transmission and distribution was estimated at SR526 billions distributed as shown in Table (12).

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required Funding (in billion SR)</th>
<th>Percentage of total funding required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation</td>
<td>335</td>
<td>63.7%</td>
</tr>
<tr>
<td>Transmission</td>
<td>121</td>
<td>23%</td>
</tr>
<tr>
<td>Distribution</td>
<td>70</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>526</strong></td>
<td></td>
</tr>
</tbody>
</table>

The estimates of Table (12) are based on the assumptions that by the year 2020 the peak load will be 71,940 MWh and the generation reserve will be 15%.

Undoubtedly, the amount of work required by the electricity industry and the volume of investments needed represent attractive opportunities for the private sector to participate in the execution of the industry projects and in its growth and development. The investment opportunities for private sector participation in the industry include:

- Developing Independent Power Projects (IPP's), and Independent Water and Power Projects (IWPP's).
- Building, leasing, and/or operating transmission lines and pipelines.
- Forming power generation and desalination production companies.
- Obtaining a concession or lease for existing generation and water production facilities.
- Obtaining facility management contracts.
- Direct purchase of selected existing power and water desalination assets.
- Undertaking electricity distribution in specific areas.
- Providing services to consumers.

ECRA will be working in coordination with the Ministry of Water & Electricity (MWE), SEC, SWCC, investors from the private sector, and all other interested parties to select the options most suitable and beneficial to Saudi Arabia.
Activities and Achievements
ECRA’s most significant activities and accomplishments during 2009 are summarized in the following sections of this report.
The consumer is the main focus of ECRA’s interests. The Authority thus created an independent department of Consumer Care to cater for his needs and foster his rights and interests. The department performs its duties within the regulatory framework of the Electricity Law and its Implementing Regulations that prescribe the principle of fair treatment and availability of choices in selecting the means of dealing with disputes that arise between the consumers and the service providers.

ECRA’s activities in the area of consumer care during 2009 included the following:

1- Studies
   a) Causes of Electricity Outages

   Last year’s report indicated that a committee was formed to study causes of the major electricity outages that occurred in various parts of the Kingdom in 2007 and 2008. These outages were:

   i) Total power outage in the following isolated networks:
      - Wadi al-Dawaser electricity network on 26 September 2007 due to a fire in a fuel pump room, and on 16 March 2008 due to a breakdown in the generation plant.
      - Tabuk electricity network on July 11 2008 due to an operational error to protect the bus bars during a routine transfer operation.
      - Tabarjal electricity network on 4 September 2008 due to low fuel level.
      - Najran electricity network on 27 October 2008 due to a breakdown in the generation plant.

   ii) Total outage in parts of the connected network supplying Qasim and Hayil Regions as well as parts of the City of Riyadh and the Eastern Province on 23 July 2008 due to voltage collapse caused by breakdown of a 380 kV circuit.

   iii) Failure of one of the outside feeders in Tabarjal substation on 2 January 2009 due to a cable breakdown.

The committee engaged the services of an international expert to benefit from his experience in determining the facts in these events. The committee wrote a detailed report on these outages that included specific recommendations for each event as well as overall recommendations. Among the most salient of these recommendations that emphasized certain tasks to be carried out by SEC are the following:

- Carrying out a risk assessment exercise, especially for the isolated areas and taking measures to mitigate them as well as reviewing operational procedures for the isolated networks.
- Reviewing network protection systems.
- Establishing a national control center.
- Reviewing the system of contractors’ management fuel suppliers, maintenance contractors, transmission line manufacturers, control system contractors in Najran, and emergency handling contractors).
- Updating emergency management plans and handling of power restoration after outages (including training, testing of communication systems, consumer emergency call centers,…etc).
- Establishing procedures for preparing reports and investigation schemes of electricity industry accidents with strict adherence by the service provider to these procedures and schemes.

The report also included recommendations dealing with technical and operational procedures such as reviewing spinning reserve policy, making required tests to insure compliance of generation units with the Saudi code of operation and Saudi code of transmission, increasing the frequency of inspections of the transmission lines, reviewing the standards for load shedding in the isolated and the connected networks, and other technical matters.

After adoption of the report, a special committee was formed to follow up
Activities and Achievements of the Authority in 2009

on implementation of the report recommendations. This process has insured that 51% of the recommendations were implemented in 2009 while another 21% are expected to be executed in the first half of 2010. Implementation of the remaining 28% is expected to take a longer time.

The original committee was turned into a permanent one to investigate power outages. The committee’s procedures will be adopted as the basis for dealing with the service providers in such matters.

b) Study of Legal Ramifications of Power Outages
As a result of frequent power outages some consumers submitted claims for damages and requested compensation for loss of electrical equipment. ECRA engaged the services of a specialized law office to review consumers rights entitlement to compensation under existing Saudi laws as well as study the legal relationship between the consumer and the service provider. The study is expected to be completed in 2011.

c) Study of Consumer Disputes
ECRA continued the effort started in the previous year to study and analyze consumer disputes in order to develop rules and procedures that will limit recurrence of such disputes or at least retard the growth of their numbers. The review focused especially on previous issued government guidelines and edicts. ECRA also prepared technical and economic studies on the effects of contemplated changes of existing rules and procedures. International practices in this field were taken into consideration. Relevant personnel from SEC were frequently consulted.

Among the most important issues considered by the study were the following:

Problems of Service Connection: In the past few years many customers complained that SEC required them to pay the actual costs of service connection whenever location of the requested service is more than 500 meters from the feed point. These costs are several times the approved rates. Alternatively, if the customer is unwilling to pay the actual costs, he must wait until his turn comes up according to SEC plans to receive the service.

Billing and Metering Complaints: Most consumer complaints regarding electricity billings revolve around errors in meter readings, the meter reading cycle, or calibration of meters.

Disconnection and Reconnection of Service: ECRA was cognizant of the impact of service disconnection on consumers.

Delays in Electricity Connections: Complaints regarding excessive delays in response to requests for service connections to residences, villages, hamlets, and farms, as well as delays in providing the service after the customer had paid the connection charges, top the list of consumer complaints received by ECRA. Most delays arise from one of the following reasons:

1- The rugged nature of some of the regions in the Kingdom (such as the Southern Region);
2- The large distances separating locations where the service is required to be connected; and
3- The scattered nature of villages, hamlets and agricultural settlements.

Quality of Electricity Service: Complaints regarding the quality of service are concentrated substantially on service interruption and voltage drops. The complaints revolve around requests for compensation for the poor service.

ECRA is currently preparing KPI’s for service standards in the areas of distribution and customer service.
2. Service Provision Manual

As a result of the study described in the previous section, it was possible to resolve most of the issues outlined above through development of a manual that includes the rules and regulations for providing service to consumers entitled “Service Provision Manual”. The manual was adopted during 2009.

The manual aims at preserving the rights of consumers and service providers equally and outlines their obligations to enhance the supply of reliable service. It is also intended to serve as a reference in disputes arising between the consumers and the service providers.

The manual includes many aspects that deal with the supply of service to consumers among which are the following:

Service Connection

The following regulations were adopted to govern service connection:

- **Regulations for Service Connection According to Geographic Location:** Distance for service connection to locations lying outside planned zones or outside the network coverage area has been increased to 1000 meters from the feed point in order to increase the class of beneficiaries of consumers who are located away from the feed points.

- **Regulations for Service Connection According to Electrical Load:** The manual contained classification of loads, connection according to distribution voltage, clarification of responsibility of service providers with regard to supply and installation of needed equipment, and details of responsibility of each party.

- **Regulations for Service Connection According to Standard or Non-Standard Feed Voltage:** Regulations in the manual describe the rules that govern service connection according to the requested feed voltage and document the responsibilities of both the customer and the service provider.

- **Disconnection and Reconnection of Service:** The manual includes a chapter dedicated entirely to rules governing the conditions under which the service provider may disconnect service from the customer. The regulations outline the procedures the service provider must follow when he decides to disconnect the service. They include notifying a customer with a delinquent account at least twenty work days before service is actually disconnected. The service provider is barred from disconnecting the service at certain times, such as in the holy month of Ramadan. The regulations also specify that service must be restored within three hours once the encumbrance has been removed.

Billing and Metering

Based on ECRA’s study of consumers’ billing and metering complaints and its review of best international practices the following rules were included in the “Service Provision Manual”:

- **In Case the Meter Reading Error is to the Advantage of the Service Provider:** The service provider is entitled to recover corrected costs of service retroactively for a period not exceeding one year only.

- **In Case the Meter Reading Error is to the Advantage of the Consumer:** The service provider must refund all the excess amounts for the entire period the erroneous amounts were collected regardless of the period’s length.

- **Meter Reading Cycle:** Meter reading cycle was fixed to be once monthly for all consumers except those in remote areas where the cycle may be extended to a maximum of once every three months.

- **Meter Calibration:** Specific time schedules were adopted for subscribers’ electricity meters testing and calibration. Standards were set for deviations within which meter readings were considered acceptable, and procedures were established for dealing with cases of partially or totally malfunctioning meters.

- **Meter Transfers:** The Manual included provisions for dealing with meter transfers from one location to another.
During the year in review the Authority commenced using the services of specialized neutral labs to examine electricity meters in cases of disputes involving billings and meter readings.

**Delays in Service Connections**
The “Service Provision Manual” included a standard set period of a maximum of two months from the date charges are paid for service connection during which service must be connected.

The issue of requests for service connections to locations to which the house owners do not yet hold legal titles to the land on which the houses are built was resolved through the Council of Ministers Decision (CMD) Number 136 which was adopted on 14/5/1429 AH (20/5/2008). The decision included detailed provisions to deal with houses whose owners do not possess land titles. Whenever such a case arises the Authority apprises the applicants of the provisions of the decision of the Council of Ministers and takes appropriate measures in accordance with those provisions in order to resolve the subscriber's impediments.

**3- Electronic Bill Program for Estimating Electricity Consumption**
To minimize consumers’ complaints and disputes regarding the amounts payable for the monthly electricity bills, the Authority designed a computer program to estimate the electricity consumption. Using this program, the consumer can review his bill and estimate the cost of his consumption. Undertaking this exercise helps educate the consumer about the importance of energy conservation. Development of the computer program was completed during the year under review. The program can be viewed by visiting ECRA’s website www.ecra.gov.sa

**4- Consumer Complaints**
ECRA deals with consumer complaints associated with electricity, cogeneration, and water desalination covering areas such as application of tariffs, quality of supply, quality of service, billing, and other matters.

Mediation is used to resolve consumer complaints as well as resolving disputes that arise between industry participants. All players whether they are consumers, service providers, investors, traders or any other participant in the electricity and water desalination industry must be treated fairly and their interests’ vis-à-vis third parties protected. In the event that mediation fails, disputes are referred to the Electricity Industry Dispute Resolution Committee. The Committee's decisions may be appealed to the Kingdom's Court of Grievances.

During the report year, the total number of consumer complaints received by ECRA was 832. They are shown in Table (13) classified by type and by the SEC operating area they originated from. The Authority successfully resolved about 82% of these complaints while the remaining ones are still under active consideration by the Authority.

It is noted that the number of complaints in 2009 has increased appreciably from the number in the previous year, almost doubling. The increase is attributed to the following:

- Frequent power interruptions especially in the Qasim and Hayil Regions which resulted in increasing the number of the two regions complaints from 97 in the previous year to 249 in the report year.

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*Mediation: a process in which a representative of the Authority conducts discussions among the parties to a dispute designed to enable them to reach a mutually acceptable agreement.*
Failure of owners of houses who do not yet hold titles to the land on which the houses are built to follow proper procedures to request service in accordance with CMD Number 136 such as applying at the outset to their municipality, or completing some formalities such as submitting to SEC an application for temporary service. Those complaints were mostly concentrated in Al-Harazat, Al-Ajwad and Abu-Jaalah districts of Jeddah County.

Table (13): Electricity consumer complaints in 2009 by type and SEC operating area

<table>
<thead>
<tr>
<th>Complaint type</th>
<th>SEC Operating area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eastern</td>
</tr>
<tr>
<td>Service connection</td>
<td>19</td>
</tr>
<tr>
<td>Billing and tariff</td>
<td>11</td>
</tr>
<tr>
<td>Displacement of poles and compensation requests</td>
<td>12</td>
</tr>
<tr>
<td>Displacement of substations and transformers</td>
<td>0</td>
</tr>
<tr>
<td>Power interruption</td>
<td>12</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
</tr>
<tr>
<td>Total complaints by operating area</td>
<td>65</td>
</tr>
<tr>
<td>Total complaints by operating area</td>
<td></td>
</tr>
</tbody>
</table>
The category of complaints shown as “Others” in Table (13) includes complaints of digging trenches in front of houses, requests such as to establish customer service centers; to transfer meters from one location to another; to change customer basic information; or to maintain electrical equipment and electric poles, and other sundry subjects.

Figure (26) shows distribution of the percentage of complaints by type. Complaints regarding service interruptions and service connections represent around (60%) of the complaints received by ECRA during the year.

Looking at complaints classified by SEC operating area Figure (27), it is noted that about two thirds of the complaints came from the central operating area (particularly the Qasim and Hayil Regions) and the Western operating area. Most of the complaints coming from these two areas either arose out of the power interruptions that occurred in the Qasim and Hayil regions or were
made by residents of unsanctioned subdivisions in the Western Region who do not yet hold titles to the plots where they built their houses hence cannot receive service before completing certain formalities in accordance with CMD 136.

As for the number of complaints from the Southern Area which are not commensurate with the size of the region’s electricity consumptions, the disproportionately high number of complaints is due to the rugged nature of the region, the sparseness of population in a large area, the large distances separating locations where services are required, and the large number of villages and settlements in the region compared with other parts of the Kingdom. Another contributing factor is that electricity networks were built before land was developed and roads were built. After land development, it became apparent that the paths of these networks crossed private properties whose owners were now requesting removal of the networks. A further complicating factor is that most of the owners of private properties do not hold documents proving legal title to them.

5- Joint Committees

a) Jurisdictional Issues Arising in Consumer Complaints

ECRA receives a large number of complaints which when studied are found to involve a web of responsibilities of a number of administrative and regulatory bodies, or that the subject matter of the complaints lies entirely outside the purview of ECRA (such as the issues of eminent domain, or objections regarding determination of the amount of compensation for eminent domain).

A committee was formed in 2008 which included in its membership the Ministry of Water & Electricity, ECRA, and SEC. The charge of the Committee was to define the responsibility of each party with regard to consumer complaints. The committee recommended that the responsibility of the Ministry of Water and Electricity (MWE) be limited to two areas: 1) requests for service connection to villages and hamlets which were approved to be connected to the network, and 2) disputes arising out of ministerial decisions to exercise eminent domain authority. All other issues should be the jurisdiction of ECRA.

The committee also suggested a specific mechanism for information exchange between MWE, ECRA, and SEC in order to facilitate complaint resolution.

During the report year ECRA observed a marked improvement in the response of certain departments in SEC to the Authority’s requests for information in connection with consumer complaints.

b) Service Extension to Land Grant Subdivisions

For the past two years ECRA participated in a committee composed of government ministries and ministry-level agencies to study and propose
mechanisms to solve problems associated with service extension to land grant subdivisions. The committee’s recommendations lead to adoption of the Council of Ministers Decision (CMD) Number 36 on 10/2/1431 AH (25/1/2010). The decision included several provisions among which are the following:

- The Ministry of Municipal and Rural Affairs was assigned the task of listing all subdivisions in the Kingdom that require services including the electricity services.
- A quinquennial plan is to be drawn for the subdivisions to be provided with services that includes the financial costs of these services, while another plan will be made annually listing the priorities.

c) Bylaw Governing Standby Power Supplies

During the report year ECRA continued work in a committee that included the Ministry of Water and Electricity, the Ministry of Commerce and Industry, the Department of Civil Defense, and SEC to revise and update provisions of “The Bylaws Governing Standby Power Supplies” which was issued by CMD Number 27 on 15/2/1401 AH (23/12/1980). It is expected that the Committee will conclude its work and submit its recommendations in 2010.

d) Plan for Electricity Connection to Farms and Villages

During the report year a committee composed of the Ministry of Water and Electricity, ECRA, and SEC substantially completed its work of developing the plan for service provision to registered farms and villages throughout the Kingdom. The plan took into consideration the financial capabilities of SEC. With the issuance of the plan ECRA expects that the picture will become much clearer with regard to growth and development of the registered farms and villages and the abilities of their owners or residents to receive electricity services without the need to pay exorbitant expenses.
Tariffs

Among ECRA’s primary concerns are that tariffs must be cost reflective, fair and affordable to end-users; that their structure must be easy to implement, and that income collected by the electricity industry in accordance with these tariffs must meet its’ revenue requirements. In order to achieve these objectives ECRA’s responsibilities include the following:

- Developing a methodology for tariff setting and for periodic review of the adopted tariffs
- Designing and preparing a tariff structure
- Developing an overall tariff policy statement for the Kingdom
- Developing a comprehensive system to collect financial and operational data from all service providers in the Kingdom
- Developing a comprehensive cost accounting system in order to assess service providers costs which ultimately affect the tariff paid by consumers

On the other hand, the efficient use of the available energy sources, depletion of resources and protection of the environment, as well as economic factors require that all countries must embrace policies which are sustainable for the future. Thus, ECRA is keen that the tariffs in the Kingdom must reflect those concerns by providing consumers with incentives to improve their utilization of the electricity system, and apply conservation measures that reduce their costs while at the same time they improve the efficiency of the power system.

The electricity law states that “ECRA shall undertake periodic reviews of the tariff structure ... and submit its recommendations to the Council of Ministers”. In compliance with this charge the Authority undertook during the two year period 2006-2008 a comprehensive study of the electricity industry’s required income and the expected income according to the current tariff which was approved by CMD number 170 on 12/7/1421 AH (9/10/2000).

ECRA’s tariff activities in 2009 were as follows:

1- Non-residential Consumption Tariff

During the year of the report the Council of Ministers issued a decision granting ECRA the authority to implement modifications to the non-residential consumption (i.e. government, commercial, and industrial consumptions) tariffs, such that the maximum tariff does not exceed SR0.26/kWh. This remit does not extend to the residential consumption tariff which remains unchanged as currently applied Table (8).

At the time of preparing this report ECRA was in the process of preparing a report detailing the proposed changes in the non-residential consumption tariff. This modification is intended to rectify the perennial problem of the shortfall in the electricity industry income and its failure to meet its operational and capital expenditure requirements. It is hoped that the modifications that will be approved will allow the electricity industry to earn the income that will permit it to provide electricity service with high reliability at reasonable prices.

In designing the proposed non-residential tariff, ECRA will take into consideration several factors that include: ease of implementation, providing sufficient income to each component of the industry (generation, transportation, and distribution), and inclusions of incentives for service providers to increase efficiency such that income of the service provider is tied to his achievement of Key Performance Indicators (KPI’s) set by ECRA. The proposed non-residential tariff will also seek to achieve the following objectives:

- To meet changes in prices and economic conditions in line with government policies and in order to assure investors of the existence of mechanisms that guarantee adherence of the electricity industry to its financial commitments.
• Giving incentives to improve performance of the electricity industry and the service providers.
• Implementation of the “time of use tariff”*, especially in view of the move from electromechanical to digital meters, which will encourage consumers to change their consumption behavior to patterns that will improve performance of the electrical system, and lower costs and thus will lead to improvements in load management and utilization of resources.
• Giving incentives to improve the power factor** and the capacity factor, and increase efficiency of the electricity system components.
• Specifying the classes of non-residential consumption and defining them in accordance with development of the electricity industry.
• Creating an investment environment conducive to the private sector and built on decisions that are clear, transparent, stable and independent.

2- Preparation of Program of Electricity Industry Data Management and Tariff Calculation

Within the context of ECRA’s efforts to create a basic environment for sustainable development and growth of the electricity industry, the Authority signed a contract at the beginning of 2008 with a well known IT consulting firm to develop an advanced program to provide an accurate and current data base that will become the reference for any study needed by a user whether he is an individual, a government agency, an investor, or a licensee. The data base will be built on a program that will be able to produce technical, statistical, and graphical reports with very high speed and accuracy. Development of the program is expected to be completed within the first half of 2010.

* “Time-of-use tariff” is a tariff which changes according to the time of day consumption occurs. It is usually high during peak demand hours and low during off-peak times. It is also low in winter and high in summer.
** Power factor is a technical measure of the useful, or “real”, energy consumed as compared to the total energy supplied by the system.
During 2009 the Authority continued work on a number of codes and regulations as follows:

1- Desalinated Water Code
   In accordance with international practices, the Authority requested SWCC to prepare a draft of the desalinated water code. SWCC has started work on the code. When received by ECRA, the code will be reviewed both technically and legally prior to its adoption.

2- Connection to a Transmission System Agreement
   Connection to a transmission system agreement is a pro forma document that owners of generation plants have to use to gain connection to the grid. Work on preparation of this agreement was started several years ago. A draft of the agreement was sent to all licensees for their comments. The final document will be issued after taking into consideration the comments received.

3- Energy Conversion Agreement
   The energy conversion agreement is a document signed between owners of generation (or cogeneration) plants and licensed traders in electricity and water desalination, or between these owners and the principal buyer* whereby the trader or principal buyer provides fuel to the owner of the plant and pays him for all other costs except fuel. The purpose of the agreement is to shield the owner of the plant from fuel price fluctuations. Work on the agreement started in the past few years and continued in 2008. A draft was sent to all licensees for their comments. The final document will be prepared after taking into consideration the comments received by the Authority. Work will continue in 2010 until the document is completed.

4- Charges for Use of Transmission System Agreement
   This agreement sets the price charged by the owner of the transmission system from users of the system to transmit electric energy from the generation plants to the distribution system. Work on this agreement started in 2008 and continued in 2009.

5- Exchange of Transmission System Services Agreement
   This agreement sets the rules and regulations for exchange of the transmission network services (such as reactive power, spinning reserve, and load control) between owners of the various networks that constitute the national grid. The agreement also outlines the terms of their financial transactions. Work on this agreement started in 2008 and continued in 2009.

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* The principal buyer is an intermediary that buys energy from generation plants and resells it to the distribution system or large consumers.
Licensing

The Electricity Law and the Charter of the Authority require that the following existing, as well as new activities be subject to regulation, and that any person engaged in any of these activities has a valid license issued by the Authority, or takes steps to obtain one, in order to legally conduct his activities in Saudi Arabia:
- Generation, transmission, distribution, trading, retail, export or import of electricity;
- Cogeneration or trading in cogeneration products; and
- Water desalination, its transportation to the points of distribution, or trading in desalinated water.

The objectives of the licensing process are to streamline the development of the electricity and water desalination industry and monitor the quality and reliability of the services which are of paramount importance to the consumers as well as to the national economy as a whole.

The Authority issues licenses and monitors licensees’ performance, and takes appropriate measures to enforce the provisions of the Electricity Law on violators of the license conditions and requirements to protect public interest.

The Authority also requires licensees to comply with technical, legal, and environmental protection requirements.

The licensing framework covers requirements and conditions for each type of license, details of rights, duties and obligations of licensees, and details of monitoring procedures. The Electricity Law and its Implementing Regulations require that all procedures and the basis of monetary charges be as transparent as possible.

ECRA’s website contains forms to request authorizations and licenses for activities in electricity generation, transmission, retailing, trading and distribution; as well as activities in cogeneration and water desalination and its transportation to the distribution points. The website also includes a listing of all licenses issued by the Authority, and the rules adopted by ECRA’s Board of Directors for calculating license fees.

In 2009 the Authority completed the following tasks in the area of licensing:

1- Authorizations
In pursuance of its objectives to encourage investment in the electricity and water desalination industry, the Authority issues authorizations to interested parties to allow them to commence preliminary preparation work (including feasibility studies, planning, and technical investigations) before they start actual activities.

In 2009 the Authority issued fourteen authorizations distributed as follows (Table A1-1, Appendix 1):
- 7 authorizations for electricity generation
- 5 authorizations for cogeneration
- 2 authorizations for water desalination.
These authorizations were issued to ten entities.

2- Licenses
Licenses are issued at least 30 days before construction commences. In 2009 the Authority issued, or reissued (renewed) 28 licenses (Table A1-2, Appendix 1) as follows:
- 7 licenses for electricity generation
- 1 license for electricity transmission
- 1 license to own an electricity transmission network
- 1 license for electricity distribution and retailing
- 9 licenses for cogeneration
- 4 licenses for water desalination.
- 2 licenses for trading in electricity.
- 3 licenses for trading in desalinated water.
These licenses were issued to 23 entities.

3- Exemptions from Licensing
The Electricity Law specifies that no person may undertake any electricity activity without a valid license from the Authority. The Implementing Regulations of the Law allow for exempting a licensee from the licensing requirement if the generation plant is not connected to a transmission network or a distribution network and all its output is exclusively used by the owner of the plant. The exemption also applies to a transmission network and a distribution network under similar conditions.

By the end of 2009 ECRA issued, or renewed 13 exemptions from licensing (Table A1-3, Appendix 1) as follows:
- 9 exemptions for generation plants.
- 3 exemptions for cogeneration plants.
- 1 exemption for a desalination plant.
These exemptions were issued to eleven entities.

4- License Forms
In 2009 the final versions of the following license forms were completed and reviewed:
- Principal buyer license.
- Mobile generation plant.
- Desalinated water trading.

Versions of the following license forms were also completed and reviewed during the year:
- Production of desalinated water.
- Transportation of desalinated water.
Electricity and Desalinated Water Industry Plans

In 2009 ECRA’s activities in the area of planning for the electricity and water desalination industry included the following:

1- The Electricity Industry Restructuring Plan
During 2009 ECRA continued discussion with SEC regarding the timetable for implementation of the electricity industry restructuring plan that was approved by ECRA’s Board and which is aimed at transforming the industry from its current state of a vertically integrated monopoly to a state of market competition on economic basis as detailed in the section of this report entitled (A View Towards the Future Structure of the Electricity and Water Desalination Industry in the Kingdom).

SEC has taken legal steps to create a transmission company. It also announced its intention to establish in 2010 a number of generation companies using the generation assets it owns.

2- Long Range Plan for Electricity Generation and Transmission
Three years ago the Authority awarded a contract to the Research Institute of King Fahd University of Petroleum & Minerals (KFUPM-RI), together with an international consultant to develop this plan. Work on the study continued in 2009.

The plan covers developments in the Kingdom over the next 25 years. It will take into account the restructuring plans underway and grid interconnection with the GCC countries currently being built as well as the available types of fuel for electricity generation.

In predicting demand; minimum, maximum, and likely growth in demand, population increases, economic growth, and the weightings of the industrial, commercial and residential loads will be considered.

Based on an optimum production expansion plan the required transmission system to deliver power to the load centers will be investigated. The final steps in the plan will be the time coordination/phasing of generation and transmission, and estimating the investments needed to meet the predicted demand throughout the duration of the plan.

3- Development of Long Range Plan for Desalinated Water
Concurrent with signing of the contract for the electricity generation plan, a contract was signed with the King Abdullah Research Institute of King Saud University, in association with a specialized firm, to develop the plan for desalinated water. During 2009 work on the study continued.

The study involves projection forecasts for the needed desalinated water in the Kingdom over the next 25 years. It will include an estimate of the split between desalination and aquifer production.

With respect to desalination, the plan will determine the amount of desalinated water produced by cogeneration as well as other methods, primarily reverse osmosis (RO).

It will also include determination of the amount of electricity produced in the cogeneration plants so as to include this contribution in the long range plan for electricity generation and transmission. Furthermore, the study will take into consideration economic parameters, population distribution, location of plants, aquifer data, and other factors.

The study is being carried out in collaboration with ECRA, MWE, SWCC, and SEC.
Activities And Achievements of the Authority in 2009

4- Plan for Development of Renewable Energy in the Kingdom

In 2009 the Authority prepared a proposed plan for renewable energy in the Kingdom with emphasis on electricity generation activities and enhancement of the other activities of the electricity industry of transmission and trading locally, regionally and internationally. This plan was prepared in conformity with the provisions of the section on the electricity sector of the Ninth Quinquennial Development Plan of the Kingdom.

The plan took into consideration the requirements of the Development Plan with regard to diversifying sources of energy supply in the Kingdom by introducing new resources that are more sustainable and less harmful to the environment. The plan includes incentives for the private sector to invest in the development of the various forms of renewable energy in the Kingdom. The incentives were designed to achieve a balance between cost of the service, and the economic and social costs that arise out of providing it.

The plan utilized the attributes of the renewable energy in load management, energy conservation, and maximizing the added value of the alternatives to the fossil fuel which will no longer be utilized in conventional generation plants as a consequence of using renewable energy sources. This will provide the Kingdom with an opportunity to export the fossil fuel thus saved as crude or as refined petrochemical products which can be sold in world markets at international rather than local prices.

Several workshops to explain the components of the plan were held with other parties in the Kingdom concerned with energy, industry, investment, training, and R&D in order to insure full coordination and complementarities with the national plans and strategies of the other parties. Local and international experts in the areas of renewable energy technologies, manufacturing of its components, its development, and investment in it participated in these
workshops. These participations represent culmination of the local, regional and international experience in the field.

The plan aims to achieve several objectives:

- Encouraging diversification of electricity supplies.
- Creating a stable and attractive environment for investment in the renewable energy industry.
- Facilitating supply of electricity to remote areas.
- Taking advantage of huge savings that would result from reducing the costs of electricity production using renewable sources.
- Expanding job opportunities.
- Enhancing technical development through increasing local manufacturing of components and spare parts.
- Insuring that rules and regulations do not impede development of renewable energy sources.

Renewable energy, if executed and managed as planned, will provide various benefits to the electricity industry in the Kingdom. These benefits are not limited just to reducing harmful emissions and the volume of waste materials, but include diversification of fuel sources, diversification of technologies, and reducing the quantities of fossil fuel used that is priced at local rates. Undoubtedly, creation of a clear framework to enhance renewable energy sources will help the Kingdom reap the following benefits:

- Reduce the opportunity cost of alternative fuels used in electricity generation and water desalination that is priced at local rates.
- Reduce emission of gases that are responsible for global warming and greenhouse effects.
- Locally adapt the set of industries associated with renewable energy, developing them, and transferring their technologies.
- Create an opportunity to achieve a pioneering status in the area of renewable energy sources.
- Insure that renewable energy projects are developed in a cost effective manner.
Standards, Quality of Service, and Performance Monitoring

One of ECRA’s main responsibilities is monitoring the performance of licensees to insure their compliance with the electricity law, setting licenses conditions and requirements to protect the public interest, as well as to insure they offer reliable and high quality services, respond in a reasonable time span to consumers’ complaints, reduce the number and extent of service interruptions, restore service expeditiously when interruptions do occur, and continually invest to provide service to new customers.

In order to achieve these goals the Authority prepares key performance indicators and standards for every electricity activity which all service providers must meet at a minimum. Financial incentives are provided to service providers whose performance exceeds the set standards, while financial penalties are assessed from those who underperform them.

The Authority, in consultation with the licensees, issues codes for connections and codes for use of the transmission and distribution networks. These codes, which all users of the networks must comply with, contain specific and clear rules and procedures derived from technical and operational requirements of the networks to insure their safety, integrity, and protection.

In 2009 the Authority performed the following activities in the area of standards, quality of service, and performance monitoring:

1- Study to Prepare KPI’s for the Electricity Industry
In 2008 ECRA signed a contract with an international consulting firm to undertake a study to prepare KPI’s for the electricity industry. The study covers a survey of international practices in this area, a review of the data available, and current practices in the Kingdom. Based on the data collected, KPI’s for the industry will be proposed for application to the electricity industry activities in generation, transmission, distribution, and service provision.

Standards for licensees’ performance in these areas will be adopted, and values will be set for future levels of performance by service providers, so as to reach comparable levels of performance to the industrially developed countries.

The study also includes setting standards for performance in other areas such as fuel utilization efficiency, speed of response to consumer requests, speed of service connection, number of service interruptions and extent of their effects, accuracy of billing, speed of response to consumer complaints,…etc.

In addition, the study includes preparation of a system for data collection and calculation of KPI’s, methods of application of the standards, and amounts of incentives and penalties associated with each KPI in accordance with the best practices internationally.

2- Study to Prepare Financial and Accounting KPI’s for SEC
During the report year the Authority signed a contract with an international consulting firm to undertake a study to evaluate the capital and operational costs of SEC. The study aims at developing a unified accounting system on a clear basis that outlines the requirements that each licensee must subscribe to so that ECRA becomes able to determine the costs of electrical services which are offered by those licensees thus leading to improvement in the performance of the industry. The study also aims at developing KPI’s and basic indicators to evaluate costs and the companies’ financial, accounting and economic performance and compare them to similar indicators of regional and international companies working in similar environments.
Electronic Management and IT

The activities of ECRA in the area of electronic management and IT in 2009 were as follows:

1- E-Management
During 2009 ECRA continued development of utilization of IT needed by its administrative support operations such as financial affairs, purchasing, personnel, licensing, and consumer care. IT services were also extended to the website of the Electricity Industry Dispute Resolution Committee after it moved to its new offices.

ECRA achieved an advanced position among organizations evaluated by the Electronic Government Operations Program (YASSER) in terms of transformation to electronic government operation for 2008. ECRA was placed among the ten best government organizations for total achievements; first at the sector level of sectors in commerce, importing and investment; and first among regulatory agencies at the groups’ level.

2- Administrative Communication Program
During the report year the Authority commenced implementation of the Administrative Communication Program in all its administrative operations. The program has many advantages that help in creating an IT work environment as the program includes a central data base, and systems for document scanning, electronic filing, and process tracing which are of benefits to all ECRA departments.

3- Data Security
Data Security is an essential ingredient to insure the quality of service provided by the IT department to other departments in ECRA, and through them insure the quality of service provided to ECRA’s clients of consumers and investors.

In 2009 ECRA issued to its employees a booklet containing guidelines for proper use of IT within the Authority. A series of lectures were also given dealing with data security and the ethics of computer utilization.

ECRA started implementation of the requirements to obtain international certification of data security (ISO27001). A contract was signed with a specialized firm to study its IT processes and procedures, devise an emergency and data security plan, and submit proposals and recommendations to qualify the Authority for certification.

The IT department completed the implementation and internal review processes, and at the time of preparation of this report was awaiting the visit of the reviewer of the organization that grants the certificate.

4- ECRA’s Website
In 2009 ECRA completed work on the development and updating of its website. The development included overall site design, addition of several programming languages, and introduction of additional services to consumers and investors.

Several factors were taken into consideration in the design of the site such as its attractiveness, ease of access to the required information, ease of direct communication with those interested in continuous updating through an email list subscription or RSS which provide the latest news as soon as it is loaded on the site.

Appendix (2) contains a listing of documents and information available on ECRA’s website.
In addition to activities in its main areas of responsibility, ECRA performed the following tasks in 2009:

1- **Electricity Bill Payment Assistance to Beneficiaries of Social Security**

In 2008 ECRA signed a memorandum of understanding with the Ministry of Social Affairs to develop a program that will enable the Ministry to provide electricity bill assistance to individuals and families receiving social security benefits*.

The program aims to reduce the burden on recipients of social security, insure that they continue to receive the electricity services and conserve actual electricity consumption. The program includes development of a media campaign to educate beneficiaries about means of energy conservation so that the assistance given to them does not lead to energy waste and become a burden on the government or the service provider. It also included measures and mechanisms for its implementation by SEC and the Ministry.

The amount of assistance given, and the method of giving it were designed on accurate scientific and systematic basis taking into consideration an estimate of monthly electricity consumption for each family based on the number of its members, the location of their residence, and differences in climatic conditions between the various regions of the Kingdom. Suitable values were selected based on accurate data which were used to set these values. The data indicated that the average monthly electricity bill for about 65% of the electricity subscribers does not exceed SR100.00 (Figure 18).

The program was implemented during the report year. The number of beneficiaries has reached 165,849 so far. It is expected that data entry for all beneficiaries will be completed in 2010.

2- **GCC Interconnection**

The GCC states realized a long time ago the importance of electrical interconnection leading to increases in the efficiency of operation as well as in security of supply which in turn lead to reduction in costs that arise from the ability to share in operational reserves and production capacities. Interconnection also facilitates free trading of excess capacity among the member states.

Studies financed by the GCC Secretariat and carried out by GCC technical and scientific organizations (Kuwait Institute for Scientific Research, Research Institute of King Fahd University of Petroleum & Minerals, and Saudi Consult) proved the financial and technical feasibility of interconnecting the electrical networks of the GCC member states. The member states thus established the Gulf Interconnection Authority to execute the various phases of the interconnection project and operate it after its completion. In 2009 Phase I of the project (connecting Bahrain, Kuwait, Qatar, and Saudi Arabia) was completed and inaugurated by Their Majesties and Highnesses the GCC Heads of States during their annual summit meeting in Kuwait (December 2009).

Phase II of the project, which included raising the efficiency of the networks of the United Arab Emirates and the Sultanate of Oman, had already been completed in 2006.

Phase III, which connects the Phase I networks with the Phase II networks and thus completes the interconnection between all GCC member states, is expected to be completed in 2011.

During 2009 ECRA continued its effective participation with the Gulf Interconnection Authority in work teams that included members from the other GCC states to prepare legal, commercial and technical agreement for the project.

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* Beneficiaries of the social security system in the Kingdom include orphans, widowed or divorced women, families of persons in the penal system, and those without a provider. At the time of the report this group numbered around 700,000 beneficiaries, representing about 13% of residential electricity consumers.
Human Resources

By its very nature, the Authority is a very small organization. For that reason it has adopted a policy of running its business with a set of human resources consisting of the following:

- A nucleus of highly specialized highly educated individuals with a wide experience and thorough knowledge of the electricity industry and regulatory affairs.
- A cadre of administrative and technical staff to support the expert group.
- A continually changing group of consultants (both individuals and organizations) determined by the nature of the task under consideration.

This arrangement insures that in every case the Authority receives the best available expertise, whenever it is needed, at the lowest overall cost, as payment for the expertise is limited to the time of need without the necessity of permanent employment.

This arrangement insures that in every case the Authority receives the best available expertise, whenever it is needed, at the lowest overall cost, as payment for the expertise is limited to the time of need without the necessity of permanent employment.

Table (14) shows distribution of the staff according to their specialties. They are all Saudi nationals.

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td>17</td>
</tr>
<tr>
<td>Administrative and Clerical</td>
<td>67</td>
</tr>
<tr>
<td>Support</td>
<td>10</td>
</tr>
<tr>
<td>Engineering</td>
<td>11</td>
</tr>
<tr>
<td>Legal</td>
<td>6</td>
</tr>
<tr>
<td>Financial</td>
<td>7</td>
</tr>
<tr>
<td>Economics</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

Training and Manpower Development

ECRA is particularly conscious of human resource development and is proactive in providing development opportunities for employees. On joining the organization, all employees undergo a one week training/induction course. An important resource in this context is the ECRA “Employee Manual” which contains all the important elements of ECRA operations and practices. Selection of the training program depends on the nature of the employee’s job, and the program is executed according to a systematic plan that indicates his actual training needs.

During 2009, 43 employees participated in 46 short training courses in the Kingdom and abroad. Six training programs were held on ECRA’s premises and were attended by 75 employees. Two development programs were also held in which 114 staff members participated. Two public lectures were given attended by 69 employees. Five employees were sent abroad for training programs of long duration, while the Authority offered scholarships to 19 employees to pursue high school education, undergraduate studies at Saudi universities, and graduate studies leading to master’s degrees at Saudi and foreign universities.

Financial Data

The financial resources of the Authority consist of the licensing remuneration, payments received for services rendered to service providers and others, and fines levied from violators. The licensing remuneration is set by rules adopted by the Board of the Authority. The rules were established on the basis of collecting sufficient funds to cover the annual needs of the Authority. They take into consideration the nature of work of the licensee (cogeneration, generation of electricity, its transmission, distribution, or trading; and water desalination, its transportation or trading), the relative contribution of each activity to the financing of the Authority, and the size of the licensee’s activity.
Table (15) shows comparisons of the Authority’s income in 2009 with those of the previous year while Table (16) shows the comparison of its expenditures.

### Table (15): Revenue comparison for 2009 with the previous year
(Amounts in thousands of Saudi Riyals)

<table>
<thead>
<tr>
<th>Source</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Electricity Co.</td>
<td>70,038</td>
<td>62,873</td>
</tr>
<tr>
<td>Saline Water Conversion Corp.</td>
<td>10,986</td>
<td>10,996</td>
</tr>
<tr>
<td>Marafiq Company</td>
<td>1,276.3</td>
<td>1,119.9</td>
</tr>
<tr>
<td>Jubail Power Co.</td>
<td>182.1</td>
<td>195.2</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>770.6</td>
<td>-</td>
</tr>
<tr>
<td>Bwawrej International for Water Desalination Ltd.</td>
<td>82.1</td>
<td>-</td>
</tr>
<tr>
<td>Rabigh Arabian for Water &amp; Electricity</td>
<td>113.1</td>
<td>-</td>
</tr>
<tr>
<td>Tihamah Co.</td>
<td>815.5</td>
<td>838.8</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>84,262</strong></td>
<td><strong>76,021</strong></td>
</tr>
</tbody>
</table>

Table (16): Comparison of expenditures for 2009 with the previous year
(Amounts in thousands of Saudi Riyals)

<table>
<thead>
<tr>
<th>Item</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>26,164</td>
<td>23,579</td>
</tr>
<tr>
<td>Social security</td>
<td>2,125</td>
<td>1,928</td>
</tr>
<tr>
<td>End of service remuneration</td>
<td>2,734</td>
<td>2,238</td>
</tr>
<tr>
<td>Health insurance</td>
<td>2,256</td>
<td>1,238</td>
</tr>
<tr>
<td>Training and scholarships</td>
<td>3,948</td>
<td>3,021</td>
</tr>
<tr>
<td>Studies and consultations</td>
<td>21,059</td>
<td>14,499</td>
</tr>
<tr>
<td>Operational expenses</td>
<td>17,260</td>
<td>11,438</td>
</tr>
<tr>
<td>Capital expenses</td>
<td>5,670</td>
<td>1,110</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>81,216</strong></td>
<td><strong>56,052</strong></td>
</tr>
</tbody>
</table>

The Authority is authorized by its Charter to retain a reserve equal to twice its expenditures for the preceding year. Table (17) shows a comparison of the reserve at the end of 2009 with its amount at the end of the previous year.

### Table (17): Comparison of reserves for 2009 with 2008
(Amounts in thousands of Saudi Riyals)

<table>
<thead>
<tr>
<th>Item</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>68,606</td>
<td>65,202</td>
</tr>
</tbody>
</table>
Appendices
## Appendix 1
### Authorizations, Licenses, and Exemptions from Licensing

Table (A1-1) Authorizations Issued by the Authority (By the end of 2009)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organization</th>
<th>Location</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Generation</td>
<td>Saudi Electricity Co.</td>
<td>Riyadh</td>
<td>2,000 MW</td>
</tr>
<tr>
<td></td>
<td>Saudi Electricity Co.</td>
<td>Gurayyah</td>
<td>2,000 MW</td>
</tr>
<tr>
<td></td>
<td>Saudi Electricity Co.</td>
<td>Plant Number 10 - Riyadh</td>
<td>3,000 MW</td>
</tr>
<tr>
<td></td>
<td>Saudi Electricity Co.</td>
<td>Tabarjal</td>
<td>98 MW</td>
</tr>
<tr>
<td></td>
<td>Saudi Electricity Co.</td>
<td>Rafha</td>
<td>135 MW</td>
</tr>
<tr>
<td></td>
<td>Eva Energy Co.</td>
<td>2nd Industrial Estate - Riyadh</td>
<td>400 MW</td>
</tr>
<tr>
<td></td>
<td>Aloula for Real Estate Development</td>
<td>Industrial Estate - Buqaiq</td>
<td>200 MW</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>Mohammed Ibrahim Allam Commercial Est.</td>
<td>Rabigh</td>
<td>500-1,200 MW electricity 1100 Million Gallons/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Saudi Imtiaz Holding Co.</td>
<td>Western Province</td>
<td>2400 MW electricity 1 Million Gallons/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Khenini International Ltd.</td>
<td>Eastern Province</td>
<td>300 MW electricity 250,000 M³/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Al-Mojtamaa Investment Ltd.</td>
<td>Ras Al-Zour</td>
<td>2,400 MW electricity 1 Million Gallons/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>United Energy Co.</td>
<td>Rabigh</td>
<td>5,500 MW electricity 2,000,000 M³/day desalinated water</td>
</tr>
<tr>
<td>Desalinated water</td>
<td>Adnan Taybah Est. for Electricity Generation</td>
<td>Rabigh</td>
<td>10,000 M³/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Ghassan Waheeb Mahmoud Commercial Est.</td>
<td>Rabigh</td>
<td>35,000 M³/day desalinated water</td>
</tr>
</tbody>
</table>
### Table (A1-2): List of organizations holding licenses (By the end of 2009)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organization</th>
<th>Project Location</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Generation</td>
<td>Saudi Electricity Co.</td>
<td>Throughout the Kingdom</td>
<td>48,777 MW</td>
</tr>
<tr>
<td></td>
<td>General Contracting Co. (Alolayan Group).</td>
<td>Mobile units in several parts of the Kingdom</td>
<td>501 MW</td>
</tr>
<tr>
<td></td>
<td>Saudi Cement Co.</td>
<td>Halouf, Ein Dar</td>
<td>266 MW</td>
</tr>
<tr>
<td></td>
<td>Taqah for Environmental and Electric Energy Systems Ltd.</td>
<td>Mobile units in several parts of the Kingdom</td>
<td>280 MW</td>
</tr>
<tr>
<td></td>
<td>Energy Equipment Rental Co.</td>
<td>Mobile units in several parts of the Kingdom</td>
<td>10 MW</td>
</tr>
<tr>
<td></td>
<td>Rabigh Electricity Co.</td>
<td>Rabigh</td>
<td>1,320 MW</td>
</tr>
<tr>
<td></td>
<td>Abduallah &amp; Abdul Aziz Kano Co.</td>
<td>Mobile units in several parts of the Kingdom</td>
<td>119 MW</td>
</tr>
<tr>
<td>Electricity Transmission</td>
<td>Saudi Electricity Co.</td>
<td>Throughout the Kingdom</td>
<td></td>
</tr>
<tr>
<td>Ownership of a transmission network</td>
<td>Ma'aden - Saudi Arabian Mining Company</td>
<td>Ras Al-Zour</td>
<td>122 km overhead line 2300 kVA, max. load 380 kV</td>
</tr>
<tr>
<td></td>
<td>Saudi Electricity Co.</td>
<td>Throughout the Kingdom</td>
<td></td>
</tr>
</tbody>
</table>
## Table (A1-2): List of organization holding licenses (By the end of 2009)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organization</th>
<th>Project Location</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Saline Water Conversion Corporation</td>
<td>Throughout the Kingdom</td>
<td>5,050 MW electricity 2,534,587 M³/day desalinated water 28,692 ton/hour steam</td>
</tr>
<tr>
<td>12</td>
<td>Jubail Energy Co.</td>
<td>Jubail Industrial City</td>
<td>250 MW electricity 510 tons/hour steam</td>
</tr>
<tr>
<td>13</td>
<td>Tihama Energy Generation Ltd. (Saudi Aramco Independent Projects)</td>
<td>Juaimah, Othmaniah, Shudgum, and Ras Tannourah</td>
<td>1,083 MW electricity 4,405 tons/hour steam</td>
</tr>
<tr>
<td>14</td>
<td>Shoaibah National Water &amp; Electricity Co.</td>
<td>Shoaibah</td>
<td>1,191 MW Electricity 888,000 M³/day desalinated water 6,053 tons/hour steam</td>
</tr>
<tr>
<td>15</td>
<td>Shuqaiq Water &amp; Electricity Co.</td>
<td>Shuqaiq</td>
<td>1,020 MW electricity 212,000 M³/day desalinated water</td>
</tr>
<tr>
<td>16</td>
<td>Jubail Water &amp; Electricity Co.</td>
<td>Jubail</td>
<td>2,875 MW electricity 805,464 M³/day desalinated water</td>
</tr>
<tr>
<td>17</td>
<td>Rabigh Arabian Water &amp; Electricity</td>
<td>Rabigh</td>
<td>120 MW electricity 12,000 M³/day desalinated water 470 tons/hour steam</td>
</tr>
<tr>
<td>18</td>
<td>Saudi Aramco</td>
<td>Riyadh, Buqaiq, Qatif, Kharasaniyah, Barri, Yanbu</td>
<td>1,051 MW electricity 2,514 M³/day desalinated water</td>
</tr>
<tr>
<td>19</td>
<td>Marafiq - Power and Water Utility Company for Jubail and Yanbu</td>
<td>Yanbu</td>
<td>1,533 MW electricity 95,760 M³/day desalinated water</td>
</tr>
</tbody>
</table>
### Activities And Achievements of the Authority in 2009

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organization</th>
<th>Project Location</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water desalination</td>
<td>Shoaibah Expansion IWPP Co.</td>
<td>Shoaibah</td>
<td>150,000 M³/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>National Co. for Triproduction</td>
<td>Jeddah</td>
<td>80,000 M³/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Bawarij Water Desalination International, Ltd.</td>
<td>Shoaibah</td>
<td>50,000 M³/day desalinated water</td>
</tr>
<tr>
<td></td>
<td>Saline Water Conversion Corporation</td>
<td>Several locations in the Kingdom</td>
<td>340,952 M³/day desalinated water</td>
</tr>
<tr>
<td>Electricity Trading</td>
<td>Water &amp; Electricity Co.</td>
<td></td>
<td>1,240 MW</td>
</tr>
<tr>
<td></td>
<td>Marafiq (Tawreed) Co.</td>
<td></td>
<td>2,744 MW</td>
</tr>
<tr>
<td>Desalinated Water Trading</td>
<td>Water &amp; Electricity Co.</td>
<td></td>
<td>1,242,000 M³</td>
</tr>
<tr>
<td></td>
<td>Marafiq (Tawreed) Co.</td>
<td></td>
<td>800,000 M³</td>
</tr>
<tr>
<td></td>
<td>Rkaa for Energy &amp; Water Co.</td>
<td></td>
<td>50,000 M³</td>
</tr>
</tbody>
</table>

**Table (A1-2): List of organizations holding licenses (By the end of 2009)**
Table (A1-3): List of entities with exemptions from licensing* (At the end of 2009)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Organization</th>
<th>Project Location</th>
<th>Production Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Generation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Yanbu Cement Company</td>
<td>Yanbu</td>
<td>100 MW</td>
</tr>
<tr>
<td>2</td>
<td>Yamama Saudi Cement Company Ltd.</td>
<td>Riyadh</td>
<td>158 MW</td>
</tr>
<tr>
<td>3</td>
<td>City Cement Company</td>
<td>Marat Center Riyadh</td>
<td>46 MW</td>
</tr>
<tr>
<td>4</td>
<td>Al-Tuwairqi Energy</td>
<td>Second Industrial Estate, Dammam</td>
<td>450 MW</td>
</tr>
<tr>
<td>5</td>
<td>Ma’aden - Saudi Arabian Mining Company</td>
<td>Hazm Al-Jalameed</td>
<td>50 MW</td>
</tr>
<tr>
<td>6</td>
<td>Nation Agricultural Development Co. (Nadec)</td>
<td>Haradh</td>
<td>28 MW</td>
</tr>
<tr>
<td>7</td>
<td>Tabuk Cement Co.</td>
<td>Dhuba</td>
<td>46 MW</td>
</tr>
<tr>
<td>8</td>
<td>Najran Cement Co.</td>
<td>Najran</td>
<td>56 MW</td>
</tr>
<tr>
<td>9</td>
<td>Middle East Chemicals Ltd.</td>
<td>Al-Ajemi Industrial City, Riyadh</td>
<td>8 MW</td>
</tr>
<tr>
<td>Cogeneration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Ma’aden - Saudi Arabian Mining Company</td>
<td>Ras Al-Zour</td>
<td>160 MW electricity 40,000 M³/day desalinated water</td>
</tr>
<tr>
<td>11</td>
<td>National Shrimp Co.</td>
<td>Al-Leith</td>
<td>25 MW electricity 420 M³/day desalinated water 5 tons/hour steam</td>
</tr>
<tr>
<td>12</td>
<td>Saudi Paper Co.</td>
<td>Second Industrial Estate, Dammam</td>
<td>15 MW electricity 25 tons/hour steam</td>
</tr>
<tr>
<td>Water desalination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Tabuk Cement Co.</td>
<td>Dhuba</td>
<td>1,500 M³/day desalinated water</td>
</tr>
</tbody>
</table>

* Under the Implementing Regulations an exemption from licensing is given to a generation station if it is not connected to the transmission or distribution systems (other than those also exempted), and the electricity service is restricted to use by the owner of the generation station. An exemption is also given to a transmission and/or distribution system in an analogous manner.
ECRA’s website on the internet (www.ecra.gov.sa) contains a large number of documents and useful information for consumers, investors, and anyone interested in the electricity and water desalination industry. These documents and information include the following:

Rules and Regulations
- Electricity Law
- ECRA’s Charter
- Implementing Regulations for the Electricity Law Covering ECRA’s Responsibilities
- Implementing Regulations for ECRA’s Charter
- Council of Ministers Decision Number 169 issued on 11/8/1419AH (1/12/1998) dealing with restructuring of the electricity sector
- Council of Ministers Decision Number 170 issued on 12/7/1421AH (9/11/2000) modifying the electricity tariff which was included in CMD Number 169 issued on 11/8/1419AH (1/12/1998).
- Current electricity tariff.
- Bylaw covering electricity service connection to buildings.
- Bylaw covering electrical wirings in buildings.
- Bylaw of standby electric energy generation
- Bylaw of safety rules
- Saudi transmission code
- Saudi distribution code
- Bylaw for application of penalties to violators of the electricity law, ECRA’s charter, and their implementing regulations.
- Document on rules and procedures for reporting and investigating accidents.

National Electricity Register
- A brief about the Register
- Historical data

- Licenses
- Decisions record
- Codes and standards
- Unified offers
- License remuneration calculation
- Station capacities
- Capacities of transmission and distribution networks
- Electricity network expansion plans
- Other information
  - Number of subscribers and energy sold (2005-2009)
  - Energy loss in the network
  - Annual peak load in the Kingdom
  - Detailed peak load for the Kingdom
  - Electricity industry statistical year book

Consumer Care
- Service Provision Manual
- Procedure for handling consumer complaints
- Consumer complaints for the past years
- Form for consumer complaint against SEC
- ECRA’s role in serving the consumer
- Rights of consumer vis-à-vis the service provider
- The consumer responsibilities
- The booklet “ECRA…at the Service of the Consumer” (in Arabic)

Service Providers and Investors Affairs
- Authorization Requests
  - Request to undertake electricity generation or cogeneration activity
  - Request to undertake water desalination activity
• **License Requests**
  Request to obtain a license to undertake any of the following activities of the electricity and water desalination industry:
  - Generation
  - Trading
  - Transmission
  - Distribution
  - Desalination
  - Cogeneration
  - Water transportation

• **License Forms**
  - Electricity distribution and retailing license
  - Electricity generation license
  - Cogeneration license
  - Electricity transmission license
  - Electricity retailing license
  - Trading license

• **Waiver Forms**
  - Waiver from electricity license form
  - Temporary waiver from water desalination license form

**Annual Reports**
- ECRA’s Activities and Accomplishments 2009
- ECRA’s Activities and Accomplishments 2008
- ECRA’s Activities and Accomplishments 2007
- Annual Report 2006

**Studies**
- Long Range Plan for Electricity Generation and Transmission
Appendix 3
Dispute Resolution

Dispute resolution is one of the important responsibilities of ECRA. Disputes include consumer complaints against service providers as well as disputes among licensees. In all cases the policy of ECRA is to resolve the dispute through negotiation and mediation between the parties. If the mediation effort does not lead to satisfactory resolution, the dispute is referred to the **Electricity Industry Dispute Resolution Committee**.

In accordance with the Electricity Law, the Electricity Industry Dispute Resolution Committee is an entity independent of ECRA, formed by the Council of Ministers. It consists of six members: three legal experts, two experts in the electricity industry, and a financial expert. Membership in the committee is for three years, renewable.

**Composition of the Committee**
On 18/8/1427AH (9/11/2006) the committee was constituted by the Council of Ministers Decision Number 211 as follows:

- Dr. Mohammad A. M. Marzoogi Chair
- Dr Samir A. H. Al-Baiyat Member
- Mr. Youssef M. A. Al-Mubarak Member
- Dr. Anwar H. A. Mufti Member
- Mr. Fahad M. S. Al-Issa Member
- Dr. Ayoub M. A. Al-Jarbou Member

On 23/5/1430 AH (18/5/2009) the Council of Ministers by Decision Number 169 renewed the terms of service for the committee chair and members for another three years starting on 18/8/1430 AH (9/8/2009).

**Charges of the Committee**
Article Thirteen of the Electricity Law specified the charges of the committee to rule on the following:

- Disputes, complaints, and violations arising in the electricity industry.
- Disputes among and between licensees.
- Disputes between a licensee and one or more consumers.
- Any violation of the Electricity Law, its Implementing Regulations, or the Charter of the Authority.

The committee exercises its charges without prejudice to any other means of dispute resolution indicated by the agreements in force between the parties to the dispute.

It should be noted that although the committee’s jurisdiction includes ruling on disputes between ECRA and licensees, the Electricity Law allows for settling such disputes through arbitration.

Article Fifteen of the Law outlines the penalties that may be imposed on violators of its Articles, its Implementing Regulations, or the Charter of the Authority. Article Fifteen also gives ECRA the authority to place the activities of any violator under guardianship, but such action must be submitted urgently to the committee within a period not exceeding thirty days.

**Modus Operandi of the Committee**
The Electricity Law covers certain important aspects of the modus operandi of the committee. Article Thirteen states that decisions are taken by a majority of votes, and in the case of a tie the side with which the chair votes carries. The article also mandates that the reasoning for all decisions must be stated, that they must be read in public sessions, that the committee shall not refrain from making a ruling on grounds of the absence of textual statements under the Law covering the dispute at hand, but must in such cases refer to the common law of the Kingdom.

The Law subjects decisions of the committee to review by the Court of Grievances. Anyone subject to a ruling by the committee may appeal the...
ruling to the Court of Grievances within sixty days of the date he is notified of the ruling. If he does not appeal within the specified period, the ruling becomes final.

The Law states that the bylaws of the committee are to be issued by ECRA’s Board. They were indeed issued as Appendix (1) to the Implementing Regulations of the Electricity Law pertaining to the Duties of the Authority by Board Decision Number 3/11/27 on 15/4/1427AH (13/5/2006).

Cases Received by the Committee
The Committee considered the cases received during 2009 as well as cases pending from the previous year, a total of 56. It decided to follow a written memorandum form of litigation and to provide each party with a memorandum, documents submitted by the other party, and request his response prior to the committee session to consider the case. During the session all outstanding issues are addressed and closing arguments are made. The cases considered last year were as follows:

A- Cases Pending from the Previous Year
Fifteen (15) cases were pending from the previous year. The committee ruled on all of them except one case which was deleted from the docket due to failure of the plaintiff to appear in the committee session, and two other cases which are still pending submission of documents and other requirements.

B- Cases Received in 2009
In 2009 the committee received 41 cases. It issued rulings in 9 of those cases, dropped one case at the request of the plaintiff, and was ready to pronounce its rulings on seven cases by the beginning of 2010. The remaining cases will be considered during 2010.

Table (A3-1) shows the status of the cases considered by the committee in 2009.

Table (A3-1): Cases received by the Electricity Industry Dispute Resolution Committee in 2009

<table>
<thead>
<tr>
<th>Status</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under review*</td>
<td>22</td>
</tr>
<tr>
<td>In chamber**</td>
<td>4</td>
</tr>
<tr>
<td>Closed***</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
</tr>
</tbody>
</table>

* A case is “under review” when its facts are being reviewed or it is being argued by the litigants in front of the committee.

** A case goes “in chamber” when arguments by the litigants are completed and it is set for decision by the committee members.

*** A case is considered “closed” when the committee pronounces or is ready to pronounce a judgment on it; or when it has been removed from the docket.
Classification of Cases Considered by the Committee

By analyzing the cases considered by the committee in 2009 it becomes clear that most of them involve requests that can be classified as shown in Table (A3-2). There were also some follow up requests not related to the electricity industry, such as requests for payment of suing expenses which were not included in the table.

Table (A3-2): Classification of cases considered by the committee in 2009

<table>
<thead>
<tr>
<th>Case</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of rent for using real estate property for electrical equipment</td>
<td>17</td>
</tr>
<tr>
<td>Compensation for lands allocated by eminent domain action as paths for electrical equipment</td>
<td>7</td>
</tr>
<tr>
<td>Compensation for damages resulting from electrical equipment</td>
<td>6</td>
</tr>
<tr>
<td>Removal of a transformer</td>
<td>5</td>
</tr>
<tr>
<td>Executing an order for an eminent domain action</td>
<td>3</td>
</tr>
<tr>
<td>Connecting service</td>
<td>2</td>
</tr>
<tr>
<td>Refund of an amount paid to licensee</td>
<td>2</td>
</tr>
<tr>
<td>Reconnection of electrical service</td>
<td>2</td>
</tr>
<tr>
<td>Compensation for causing loss in a contractual agreement with a third party</td>
<td>2</td>
</tr>
<tr>
<td>Removal of a distribution line</td>
<td>1</td>
</tr>
</tbody>
</table>
The Board and Management of the Authority
Board of Directors

H.E. ABDULLAH A. AL-HUSEYEN
Minister of Water & Electricity
Chairman of the Board

H.E. DR. Abdullah M. Al-Shehri*
Governor
Electricity & Cogeneration Regulatory Authority
Deputy Chairman of the Board

Mr. Abdullah I. Al-Hubayib
Chairman of the Board,
Saudi ABB Co.

Dr. Fahad H. Dakhil
Executive Director,
Educational & IT Projects Co.

Mr. Safar M. Dhofayer
Executive Manager
Southern Cement Co.

Dr. Khalid H. Bayyari
Senior Vice-President and General Manager
Advanced Electronics Co.

Dr. Fahd Saleh Al-Sultan
Secretary General
Council of Saudi Chambers

Mr. Abdul Aziz O. Al-Omair
Asst. Deputy Minister for Financial and Accounting Affairs
Ministry of Finance

Dr. Abdullah A. Al-Alsheikh
Vice-Governor for Planning & Development
Saline Water Conversion Corporation

Mr. Hassan F. Aqeel
Deputy Minister for Internal Trade
Ministry of Commerce & Industry

Dr. Ahmed S. Al-Khalifa
Assistant Deputy Minister for Electricity Affairs
Ministry of Water & Electricity

Mr. Khalid H. Al-Senani
Director, Gas Supplies and Pricing Department
Ministry of Petroleum & Mineral Resources

Mr. Abdullah A. Al-Jarbou
Head, Municipalities & Housing Sector
Ministry of Economy & Planning

* Appointed Governor by a Royal Order on 9/1/1431 AH (26/12/2009). HE Dr. Fareed M. Zedan occupied the office of Governor until 28/10/1431 AH (17/10/2009)
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