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JORDAN ENERGY SECTOR CAPACITY BUILDING ACTIVITY QUARTERLY PERFORMANCE REPORT

QUARTERLY REPORTING PERIOD
FROM JULY 25 – SEPTEMBER 30, 2013

October 16, 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP.

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JORDAN ENERGY SECTOR CAPACITY BUILDING ACTIVITY

CONTRACT NUMBER: AID-OAA-I-13-00018

TASK ORDER NUMBER: AID-278-TO-13-00003

DELOITTE CONSULTING LLP

USAID/JORDAN ENERGY OFFICE

OCTOBER 16, 2013

DISCLAIMER:

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Table of Acronyms

Acronym	Term
AFD	Agence Française de Développement
ASE	Alliance to Save Energy
CFL	Compact Fluorescent
DSM	Demand-side Management
EBRD	European Bank for Reconstruction and Development
EDCO	Electricity Distribution Company
EE	Energy Efficiency
ERC	Electricity Regulatory Commission
ESCB	Energy Sector Capacity Building Activity
EU	European Union
GCC	Global Climate Change
GoJ	Government of Jordan
IDECO	Irbid District Electricity Company LTD.
IFC	International Finance Corporation
IM	Incentive Mechanism
IPP	Independent Power Producer
JEPCO	Jordan Electric Power Company
JREEF	Jordan Renewable Energy and Energy Efficiency Fund
JSMO	Jordan Standards and Metrology Organization
KEC	Kingdom Electricity Company
KW	Kilowatt
KWh	Kilowatt hours
MEMR	Ministry of Energy and Mineral Resources
MEV	Measurement, Evaluation and Verification
MLIs	Multi-Lateral Institutions
MoE	Ministry of Environment
MoF	Ministry of Finance
MoPIC	Ministry of Planning and International Cooperation
MoPWH	Ministry of Public Works and Housing
M&V	Measurement and Verification
NARUC	National Association of Regulatory Utility Commissioners
NEEAP	National Energy Efficiency Action Plan

NEPCO	National Electricity Power Company
NGO	Non-Governmental Organization
RE	Renewable Energy
RFTOP	Request for Task Order Proposal
RT	Reform Timetable
SC	Steering Committee
STTA	Short-Term Technical Assistance
TBD	To be determined
TTC	Technology Transitions Company
UNEP	United Nations Environment Program
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USTDA	United States Trade and Development Agency
WB	World Bank
WG	Working Group

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EXECUTIVE SUMMARY

The Energy Sector Capacity Building Activity (Contract # AID-OAA-I-13-00018, Task Order # AID-278-TO-13-00003) was executed with Deloitte Consulting, LLP on July 25, 2014. The ESCB team mobilized to kick-off the project immediately following the re-opening of the U.S. Embassy, with headquarters staff on the ground August 17. The team held a post-award orientation briefing and initial consultation meetings with USAID and key stakeholders during the week of August 20.

During the first six weeks of project implementation, the project leadership (COP and Task 1 and 2 Lead) arrived in Jordan and began substantive work on each of the tasks.

Under Task 1, the team developed the Reform Timetable during the first month, which was reviewed and approved by USAID. ESCB introduced stakeholders to the structure and timetable for the development of the utility incentive mechanism, and confirmed their commitment. At the end of the quarter, the Ministry of Energy and Mineral Resources had not yet convened the Steering Committee, however an introductory meeting of the Working Groups was planned. The team sent requests for data for the financial model to each of the distribution companies. Two short-term consultants (Alice Miller and Gergana Stoitcheva) were mobilized to support Task 1.

For Task 2, ESCB staff held consultations with each of the distribution companies on their immediate capacity building needs and plans for developing more extensive capacity-building strategies. JSMO requested assistance from ESCB to review the specifications for equipment for their lighting testing lab. ESCB identified an appropriate expert to conduct the review, and he completed the review by the end of the quarter.

The Task 3 leadership and staffing was reviewed with USAID, and a decision made to bring an expatriate team leader on board. The Task Leader was identified and proposed to USAID, and will be mobilized beginning in early October. Local staff to support Task 3 were also identified and proposed to USAID.

Task 4 is a demand-driven task. Several options were raised in meetings with counterparts, including installing solar PV and implementing energy efficiency measures at several Ministry buildings.

The Year 1 Work Plan is under development and will be completed by October 20.

Donor coordination meetings were held with the EU energy delegations, AFD and UNDP to inform them of ESCB planned activities and to investigate their ongoing and planned programs.

ESCB initiated all of the administrative, contractual, human resources and financial systems and procedures. Deloitte signed subcontracts with all of the subcontractors on the team: ECO Consult, Quanta, TTC, Alliance to Save Energy and the National Association of Regulatory Utility Commissioners. The team researched and visited several potential office locations and ultimately selected one. The office lease was signed and renovations scheduled. Specifications for office furniture, vehicle, internet service provider, and computer equipment were developed and the competitive sourcing arranged. Bids were obtained for all procurements and vendors selected. Housing for the COP was secured and potential locations identified for the Task 1 and 2 Leader.

TASK 1: DESIGN A UTILITIES INCENTIVE MECHANISM TO PROMOTE ENERGY EFFICIENCY

AT-A-GLANCE SUMMARY	
Top 3 Achievements	Priority Next Step Activities
<ol style="list-style-type: none"> 1. Reform Timetable established 2. Steering Committee and Working Group structure designed 3. Task 1 kick-off meeting with stakeholders planned for October 3 	<ol style="list-style-type: none"> 1. Convene Steering Committee 2. Complete and submit first year Work Plan 3. Develop Working Group Action Plans
Primary Implementation Barriers	Proposed Changes to Work Plan
<ol style="list-style-type: none"> 1. Full support of the Ministry of Energy and Mineral Resources 2. Lack of end-use load research 	None at this time

Key Accomplishments

Progress made towards fulfillment of the project's results

The Task 1 and 2 Leader mobilized in mid-September and began working immediately to move the design of the incentive mechanism forward. The Reform Timetable was agreed upon with USAID and presented to stakeholders. The Task 1 kick-off meeting was planned for October 3, to be followed by the first meeting of the Working Groups. Two short-term experts mobilized to support Task 1 (Alice Miller and Gergana Stoitcheva). Donor coordination meetings were held with the EU, AFD and UNDP to learn about their ongoing and planned programs in the energy sector.

- PRE-LAUNCH
 - Project team members conducted detailed review of proposed work plan
 - Brainstorming session with COP, Task 1 and 2 Lead, Senior Energy Sector Advisor, Engagement Director, and Project Manager
 - Deployment for initial implementation of work plan activities planned
- STAKEHOLDER CONSULTATIONS
 - Meeting with the Minister was held to discuss Steering Committee (SC) and Working Groups (WG) structure
 - Review and select Champion in conjunction with USAID and Minister
 - Stakeholder meetings were held with MEMR, ERC, JEPSCO, EDCO, IDECO and NEPCO to introduce the leadership team and project, and kick-off collaboration
 - Accomplishment 1.1 SC permanent members identified; Members of the two WGs selected

- Accomplishment 1.2 All stakeholders introduced to the ESCB objectives and expected results, and on board for completing the design of the incentive mechanism by April 2014
- FINANCIAL MODEL DEVELOPMENT
 - Data request for financial model developed and sent to distribution companies
 - Data received and model development initiated

Challenges/Solutions

Implementation issues, including obstacles encountered and possible delays

Despite the enthusiasm demonstrated by the Minister in the initial meeting, the Ministry was not able to convene the Steering Committee on the schedule established in the Reform Timetable. As of the end of the quarter, the letter to the Steering Committee members to convene the first meeting was still pending. A request was submitted to the Council of Ministers to approve the establishment of the Steering Committee. This has delayed progress on the design of the incentive mechanism. The following steps were taken to continue making progress on the task:

- USAID is following up with the Ministry regarding their commitment to ESCB.
- ESCB will convene the first meeting of the Working Groups to introduce the roles and responsibilities and to discuss issues that the Working Groups will tackle.

Activity Forecast

Next steps for the next period

- Complete Task 1 Work Plan for Year 1
- SC permanent members and WGs members to be finalized
- First SC meeting to be held to discuss role of WGs and expected results from WGs and SC
- Introductory meetings of each WG to be held, with presentation by ESCB on overall process
- Draft work plans for each WG to be developed
- SC meeting with WG members to be held to present their proposed action plans
- SC to review, comment and accept WG action plans
- Preliminary proposal for incentive mechanism to be completed by December
- Initiate load research with local consultant team in conjunction with distribution companies

TASK 2: BUILD CAPACITY OF THE ENERGY SECTOR

AT-A-GLANCE SUMMARY	
Top 3 Achievements	Priority Next Step Activities
<ol style="list-style-type: none"> 1. Preliminary consultations with NEPCO, ERC, IDECO, EDCO and JEPSCO to identify immediate capacity-building needs 2. Review of lighting testing equipment developed by JSMO 3. Initial Cypress institutional assessment training provided to local team 	<ol style="list-style-type: none"> 1. Complete and submit detailed Year 1 Work Plan 2. Complete capacity-building plan for MEMR and ERC energy efficiency units 3. Initiate Cypress institutional assessment process
Primary Implementation Barriers	Proposed Changes to Work Plan
<ol style="list-style-type: none"> 1. Delay in MEMR agreement to work on capacity-building 	<ol style="list-style-type: none"> 1. Delay implementation of the Cypress approach due to counterpart fatigue

Task 2 was initiated in parallel with Task 1. Since the initial objective in Task 2 is to conduct capacity building in support of the incentive mechanism, the stakeholder meetings included a discussion of capacity building. The ESCB team initiated the development of the Year 1 Work Plan. The Cypress methodology expert who was identified in the proposal is no longer available; a highly qualified replacement from Deloitte was identified and has been submitted to USAID for approval.

Key Accomplishments

Progress made towards fulfillment of the project's results

Consultations were held with each of the distribution companies on their immediate capacity building needs and the plans for developing a more extensive capacity-building plan. The suggestions and results of these consultations will be included in the Year 1 Work Plan.

JSMO requested assistance from ESCB in review of the specifications that they had developed to procure testing equipment for their lighting testing lab. ESCB identified an appropriate expert to conduct the review. The review was completed at the end of the quarter.

Challenges/Solutions

Implementation issues, including obstacles encountered and possible delays

The main challenge encountered in this period was the refusal of the Head of the Energy Efficiency Department within MEMR to work with the team on developing a capacity-building plan. USAID is planning a response to this action to remind MEMR of its commitment to work with ESCB.

Activity Forecast

Next steps for the next period

- Complete Task 2 Work Plan for Year 1
- Field Task 2 STTA for institutional assessments at MEMR and ERC EE Units
- Set performance targets, conduct self-assessments and develop Capacity Building Plans to be initiated
- Discuss lighting testing equipment memorandum with JSMO and determine next steps
- Develop capacity building plan for the distribution companies to support implementation of DSM

TASK 3: DEVELOP ENERGY SERVICES ASSOCIATION(S)

AT-A-GLANCE SUMMARY	
Top 3 Achievements	Priority Next Step Activities
<ol style="list-style-type: none"> 1. Task 3 Year 1 Work Plan 2. ESCO Survey Design 3. Task 3 Kickoff Meeting Planned 	<ol style="list-style-type: none"> 1. Task 3 Kickoff Meeting 2. ESCO Survey 3. External Analysis of Marketplace
Primary Implementation Barriers	Proposed Changes to Work Plan
None identified at this time.	None proposed at this time.

Key Accomplishments

Progress made towards fulfillment of the project's results

The task leadership and staffing was reviewed with USAID, and a decision made to bring an expatriate team leader on board. The Task Leader was identified and proposed to USAID, and mobilized beginning in early October. A local staff person to support the task was also proposed and approved by USAID.

- Staffing needs to accomplish Task objectives were reviewed and revised
- Task Lead was mobilized
- Work plan for year one was drafted
- ESCO survey was drafted
- Planning for Task 3 kick-off meeting was initiated

Challenges/Solutions

Implementation issues, including obstacles encountered and possible delays

No implementation issues or delays identified at this time.

Activity Forecast

Next steps for the next period

The following is a list of activities and deliverables for the coming quarter:

- Complete Task 3 Work Plan for Year 1
- Task 3 kick-off meeting
- Meeting with ESCOs to complete the survey-Survey analysis and report
- Conduct external analysis of the market for ESCO services. A market survey will be conducted of selected consumers, manufacturers/distributors, financial institutions, and utilities. The deliverable will be a report on marketplace opportunities and challenges. This market survey would complement the load research study to be conducted under Task 1.

TASK 4: RESPOND TO ENERGY SECTOR OPPORTUNITIES

AT-A-GLANCE SUMMARY	
Top 3 Achievements	Priority Next Step Activities
<ol style="list-style-type: none"> 1. Preliminary activities identified by Minister and USAID. 2. Draft Work Plan prepared. 	<ol style="list-style-type: none"> 1. Discuss WP with relevant stakeholders in one or more brainstorming session. 2. Respond to scopes of work from USAID
Primary Implementation Barriers	Proposed Changes to Work Plan
None identified at this time.	None proposed at this time.

Task 4 activities will mainly depend on needs identified by USAID and on the identification of energy sector opportunities by counterparts.

Key Accomplishments

Progress made towards fulfillment of the project's results

The Deloitte proposal identified several possible technical assistance activities for implementation under Task 4. The ESCB team has identified other possibilities in consultations with various stakeholders. The major activity in Task 4 since the contract was signed has been to develop the draft Work Plan for the task. This has involved gathering proposed ideas, developing selection criteria, and establishing processes for selecting activities.

Challenges/Solutions

Implementation issues, including obstacles encountered and possible delays

No implementation issues or obstacles identified during this period.

Activity Forecast

Next steps for the next period

The following is an illustrative list of activities and deliverables for the coming quarter:

- Complete Task 4 Work Plan for Year 1
- Review activities proposed in the Work Plan
- Respond to scopes of work developed by USAID and develop budgets and activity plan for each activity approved

Project Management and Operations

AT-A-GLANCE SUMMARY	
Top 3 Achievements	Priority Next Step Activities
<ol style="list-style-type: none"> 1. Long term staff confirmed and mobilized 2. Financial and operational systems and processes established 3. Subcontracts in place with all subcontractors 	<ol style="list-style-type: none"> 1. Finalize office arrangements and move in to project office 2. Mobilize STTA in support of Tasks 3. Finalize all long-term local staff
Primary Implementation Barriers	Proposed Changes to Work Plan
None identified at this time.	Not applicable

Key Accomplishments

Contractual

- Contract executed on July 25, 2013
- Subcontract agreement put in place with all partners: ECO Consult, ASE, NARUC, Quanta and TTC
- Post-award briefing was conducted and revised budget submitted at the request of the CO

Human Resources

- COP and Task 1 and 2 Lead hired and mobilized
- Local staff agreement updated to reflect latest Jordanian labor law
- Home office project management support team identified and approved
- Operations Director, ESCO Development Advisor, Events/Communications Coordinator and Expeditor/Driver brought on board
- Status of Task 3 and 4 Lead / DCOP candidate clarified with USAID
- Electricity Sector Advisor, Economic and Financial Advisor, Events/Communications Coordinator, and Facilities/Logistics Manager brought on board
- M&E candidate selected and submitted for approval
- Resource Automated Approval Process (RAAP) work flow to be established

Procurement/Office Premises

- Office space options identified, visited and office selected, lease negotiated and signed
- Furniture procurement to be prepped in anticipation of office premises selection; at that point, requirements/specifications finalized and bids solicited and evaluated
- Housing options identified and visited by COP and Task 1 and 2 Lead; apartments selected and leases negotiated
- Rental vehicle procured temporarily until project vehicle available
- Project vehicle bids solicited and evaluated; vehicle purchased, pending tax exemption documentation
- IT procurement conducted, including finalizing requirements/specifications, soliciting bids, evaluating bids, and making purchase
- Internet providers identified and bids solicited and evaluated

Financial

- Internal project set-up and coding established
- Bank account status re-activated and signatories updated; funds transferred to account
- Project Imprest account funding limits established
- Tax exemption documentation obtained from USAID
- ESCB project registered with tax authorities and Social Security Corporation
- Initial payroll processed

Communications

- One-page project summary drafted for USAID as “leave behind” when visiting stakeholders, other donors, etc.
- Post-award orientation meeting held with USAID
- Weekly meetings held with COR

Operational Guides

- Local office policies and procedures developed
- Deployment Guide developed
- Develop initial emergency action plan developed, including identification of medical facilities, police stations, fire stations, etc.

Challenges/Solutions

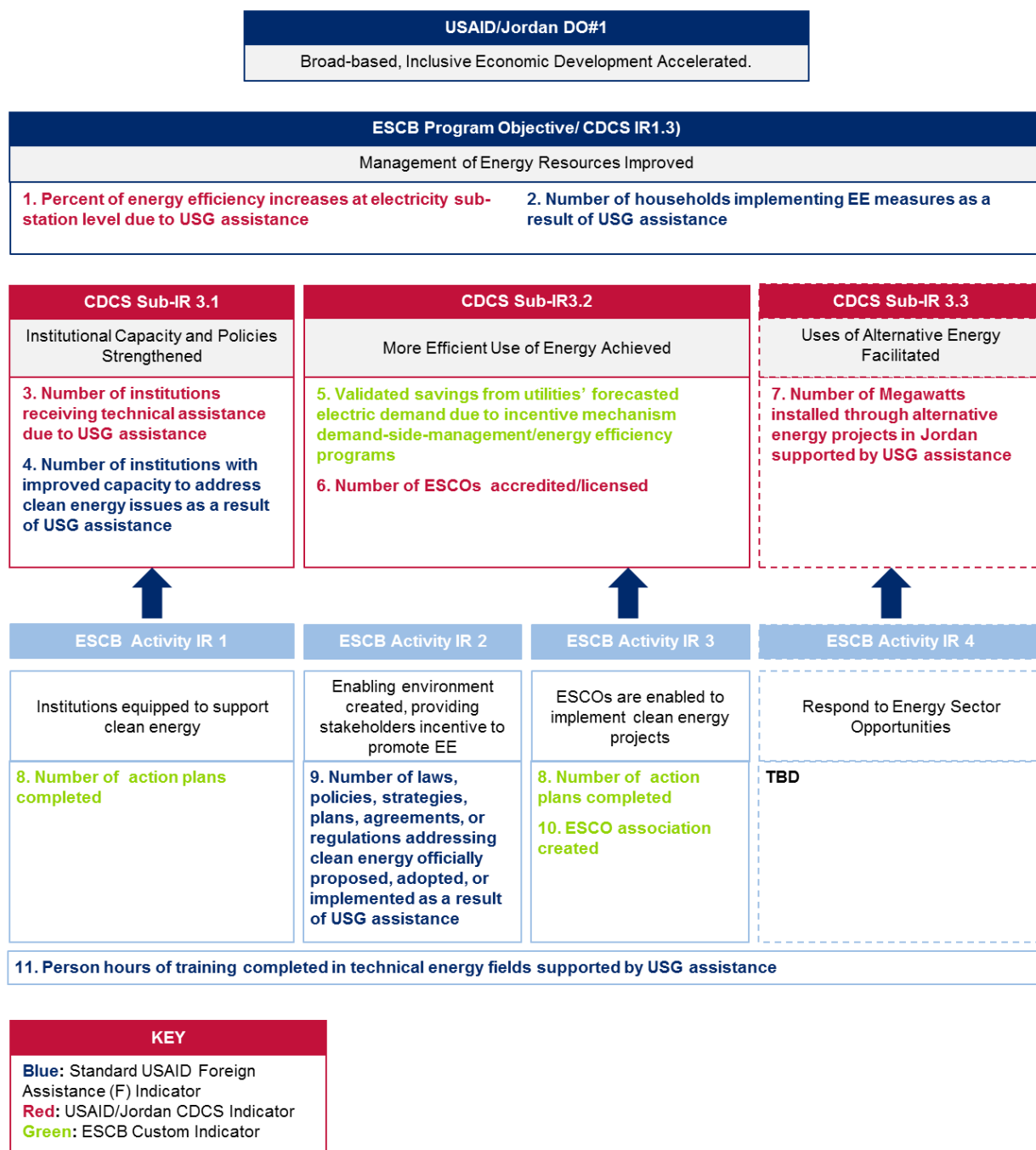
Implementation issues, including obstacles encountered and possible delays

No issues or obstacles identified during this period.

PERFORMANCE MONITORING

The Performance Monitoring Plan is under development. The PMP will include the final list of indicators that will be tracked, as well as the indicator definitions and targets for FY 14. The proposed results framework and indicator mapping are shown below.

Results Framework



Indicator	Task 1	Task 2	Task 3	Task 4
ESCB Program Objective/ CDCS IR1.3)				
1. Percent of energy efficiency increases at electricity sub-station level due to USG assistance	X	X	X	
2. Number of households implementing EE measures as a result of USG assistance	X	X	X	
CDCSSub-IR 3.1	Task 1	Task 2	Task 3	Task 4
3. Number of institutions receiving technical assistance due to USG assistance	X	X	X	X
4. Number of institutions with improved capacity to address clean energy issues as a result of USG assistance	X	X	X	X
CDCS Sub-IR3.2	Task 1	Task 2	Task 3	Task 4
5. Validated savings from utilities' forecasted electric demand due to incentive mechanism demand-side-management/energy efficiency	X			
6. Number of ESCOs accredited			X	
CDCSSub-IR 3.3	Task 1	Task 2	Task 3	Task 4
7. Number of Megawatts installed through alternative energy projects in Jordan supported by USG assistance				X
ESCB Activity IR 1	Task 1	Task 2	Task 3	Task 4
8. Number of action plans completed	X	X	X	
1. Capacity building plan for Government of Jordan energy entities				
2. Utilities demand-side-management/energy efficiency plans approved for implementation				
3. Capacity building to support energy entities				
4. Action plan for short-term support				
5. Future capacity building needs identified				
ESCB Activity IR 2	Task 1	Task 2	Task 3	Task 4
9. Number of laws, policies, strategies, plans, agreements, or regulations addressing clean energy officially proposed, adopted, or implemented as a result of USG assistance	X			X
ESCB Activity IR 3	Task 1	Task 2	Task 3	Task 4
10. ESCO association created			X	
ESCB Activity Cross cutting Indicator	Task 1	Task 2	Task 3	Task 4
11. Person hours of training completed in technical energy fields supported by USG assistance	X	X	X	X

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