

# Kurdistan Regional Government -Ministry of Electricity, Erbil- Iraq



**Challenges and Reforms in the Electricity sector relating to unsustainable price Subsidies and public communication**

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# Proud to Join The Friends of Fossil Fuel Subsidy Reform Network (FFFsR Network)

- ❖ Introduction & Organization
- ❖ Background of the regional Petrolume country, with very high unsustainable Subsidies for:
  - ❑ Fossil Fuel (FF), Food, Medicines, Education, Drinking water & others.
  - ❑ High subsidies namely for FF has negative impact on:
    - Economy, Environment, High consumption, unfair...
  - ❑ Low taxation in general, but after new oil prices crises in 2014, taxation and some subsidies has readjusted.
  - ❑ Why Electricity?: in Iraq 95% of Electricity production is from Fossil Fuel, Commercial & industries energy tariffs subsidies reduction already implemented.
  - ❑ Electricity losses Reduction by Smart Meters & AMI system project on going.

# **ECONOMIC & ENERGY Demand Growth in KRG**

In the last years the Kurdistan Region has undergone a remarkable economic transformation despite of different challenges, political, :.Economical, budget embargo etc

- GDP per capita jumped from \$375 in 2002 to \$6,000 in 2014;
- Government revenues increased from US\$100 m. to US\$10 bln.;
- Economy is expected to grow by around 12% in 2012- 2013;

**Key sectors for ensuring these strong growth projections and targeted economic diversification are mainly Energy and Fossil Fuel (Oil, Gas and Electricity)**

# **Fossil Fuel Subsidy Reforms and public Approach to Strategic Communication to:**

- **Change people's behaviour by changing their perception through strategic communication**
- **We are asking people to do something different—they should know why and feel a responsibility to comply**
- **Trust in Government to deliver on its promises is absolutely key. Government can evoke trust by communicating consistently.**

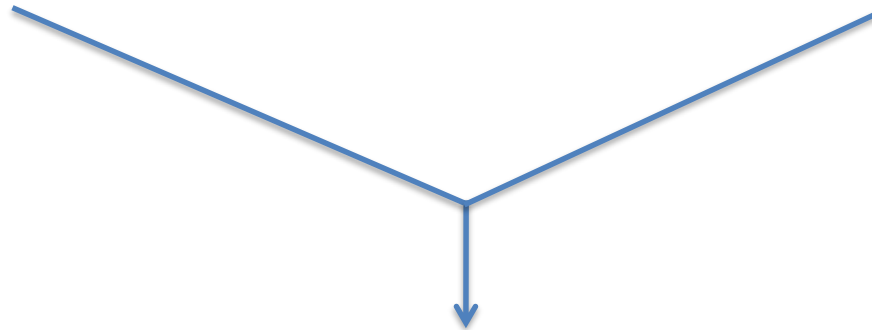
# Two objectives – two communication strategies for reform acceptable:

## Loss Reduction

Improve collection rates & payment of electricity bills

## Subsidies Reduction

Communication needed to make price increases acceptable



# Preparation of two inter-linked communication strategies

# Kurdistan Communication public householders survey report

❖ Main Goal of the survey is to inform the KRG about public acknowledge, perception, preference and different opinions about Electricity efficiency and electricity tariff reform to achieve:

Losses reduction

Demand efficiency

How to communicate paying Electricity bills and reducing demand

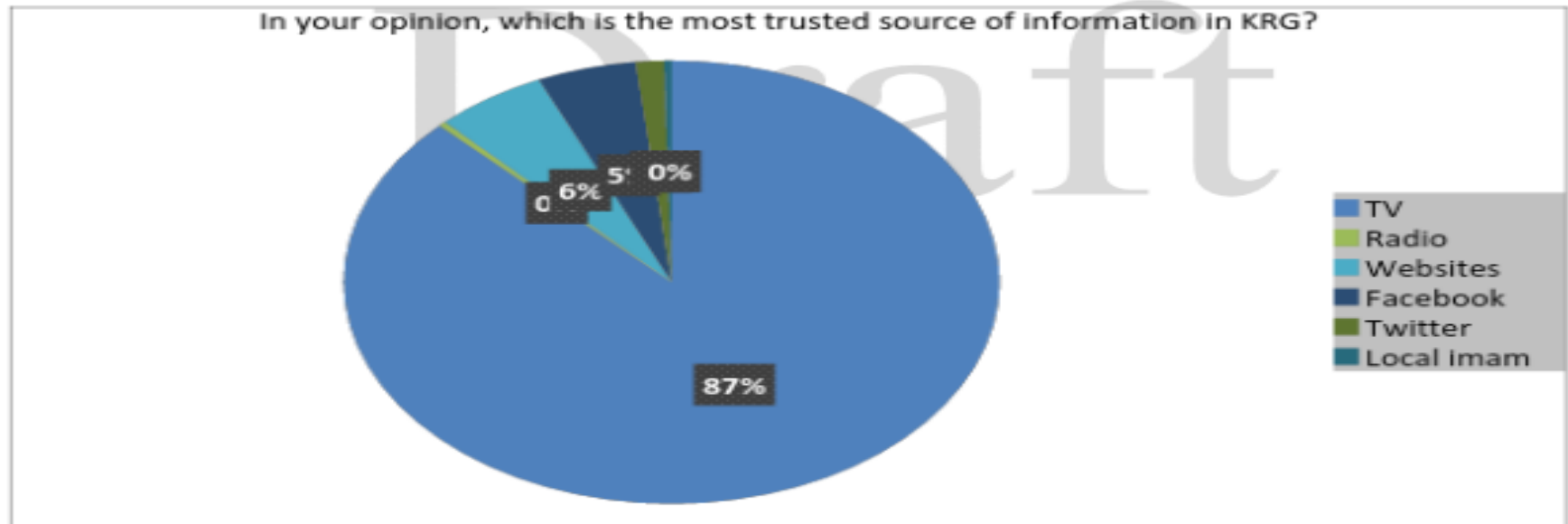
➤ Tariff increase: how to communicate that increasing electricity tariffs is in the interest of householders by improving infrastructure and reliability of service

➤ To develop other different communication strategy

➤ There is a general concern about energy conservation, 2/3<sup>rd</sup> of public already taking measures.

# Communications in support of Energy Subsidy Reform, thanks for IISD-GSI survey report

88% of Iraqi Kurds also trusts television the most to receive information, with the remainder mainly filled between websites and facebook. This is good news, as it means that the most used source of information and the most trusted source of information are the same. It is clear that a communication strategy will mainly focus on television, complemented by predominantly websites (and to a lesser extent, facebook, which in itself often refers to websites).

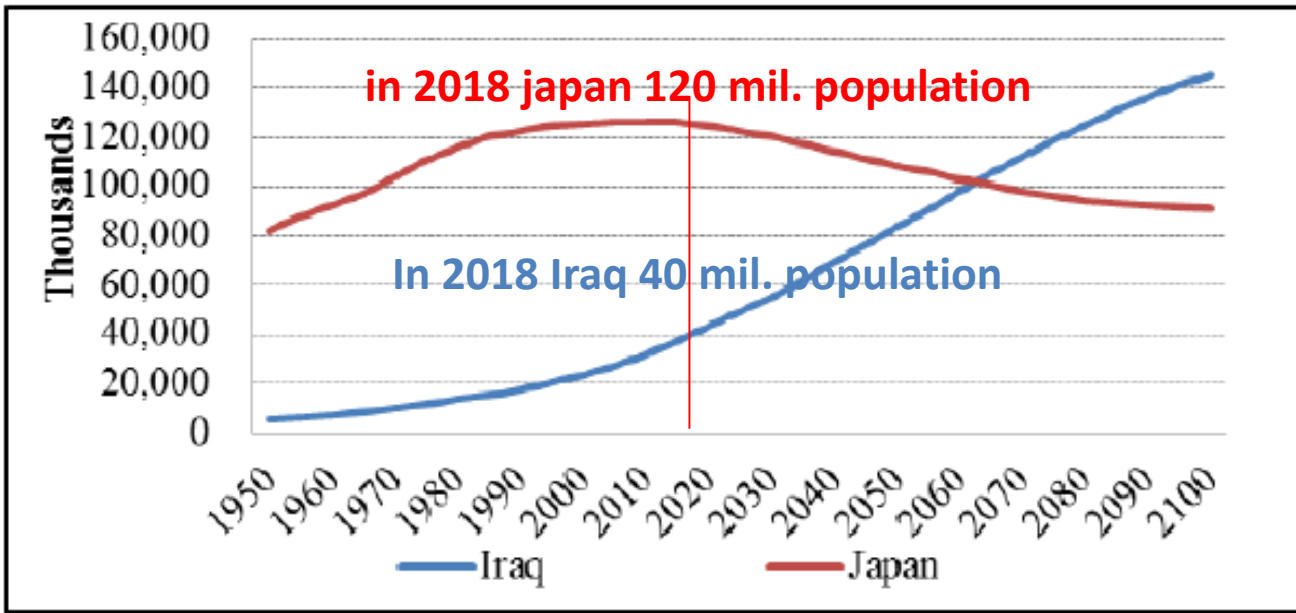


More than 3/4<sup>th</sup> of Iraqi Kurds choose Rudaw (aligned with KDP & Barzani) and NRT (independent though sympathetic to the constituency of Gorran) as their television station to regularly receive news. This is followed by about 1/3<sup>rd</sup> also regularly using Kurdistan 24 (aligned with KDP) and KNN (Official station of Gorran) to receive news. Other stations receive less than 13% coverage. Most people from Erbil, Sulaymaniyah and Duhok use Rudaw and NRT, which makes these two channels particularly important to target messaging. KNN is considered more partisan. While about 2/3<sup>rd</sup>s from Sulaymaniyah use this TV channels, far less people from Erbil and Duhok watch the news.

# Prospects Population & FF Subsidies Challenges

(JICA Survey on Business environment, Iraq-July 2013)

According to an estimate of the United Nations (UN)<sup>1</sup>, the population of Iraq was about 32 million in 2010 and the yearly population growth rate was around 3%. Investors are interested in the Iraqi market potential as a large middle income class of consumers is expected in the near future concomitant with recovery of the economy. The UN forecasted that the population would reach 50 million in 2030 and would be 100 million in around 2060.



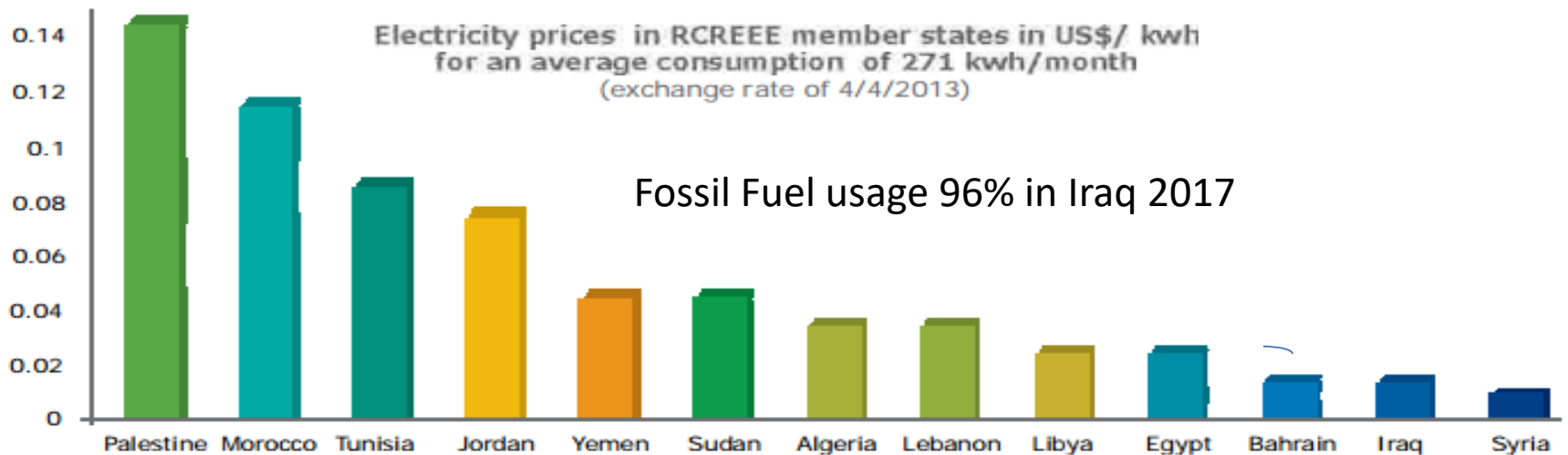
Note: Estimates start after 2010.

Source: UN



# Almost the Electricity sector in Iraq has the highest unsustainable subsidies

## Prices for Average Consumption



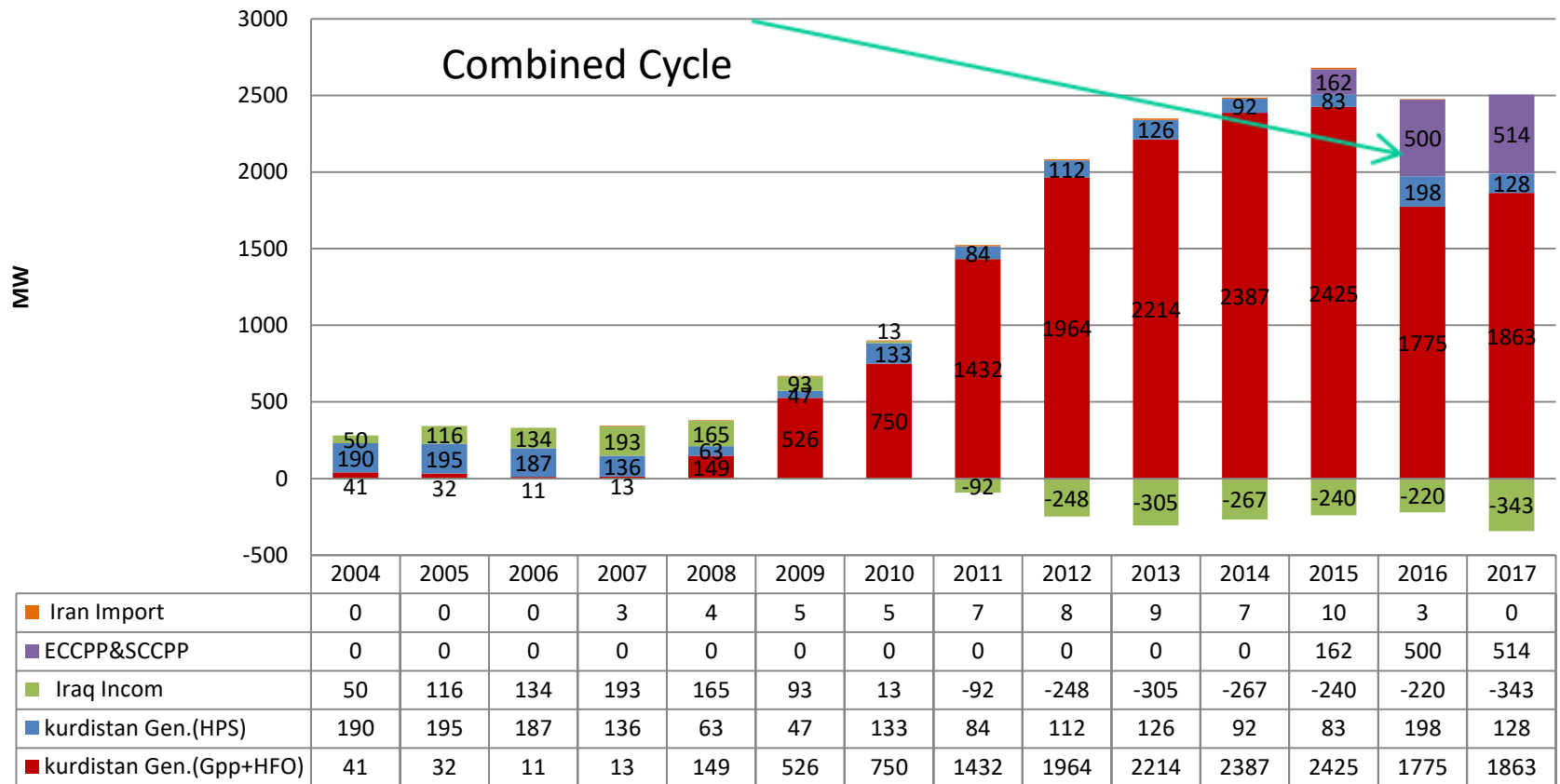
The graph shows the electricity unit price (USD/kwh) for an estimated average household consumption of 271kwh/month across the region. In this case, the average household in Palestine pays

the highest monthly electricity bill amount (36.6 USD/M) followed by Morocco (30.4 USD/M). These estimates do not take into account any other charges or taxes that might be included in the monthly electricity bill.

# 2004-2017 Yearly average power generation & Combined Cycle power plants development instate of liquid fuel after 2014 economic crisis

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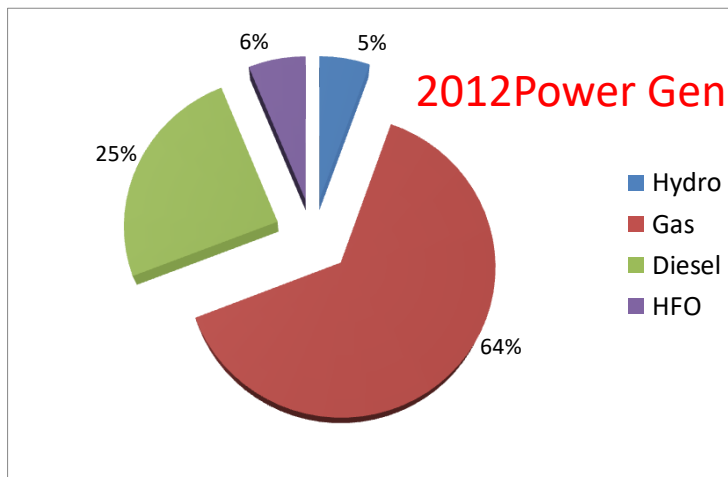
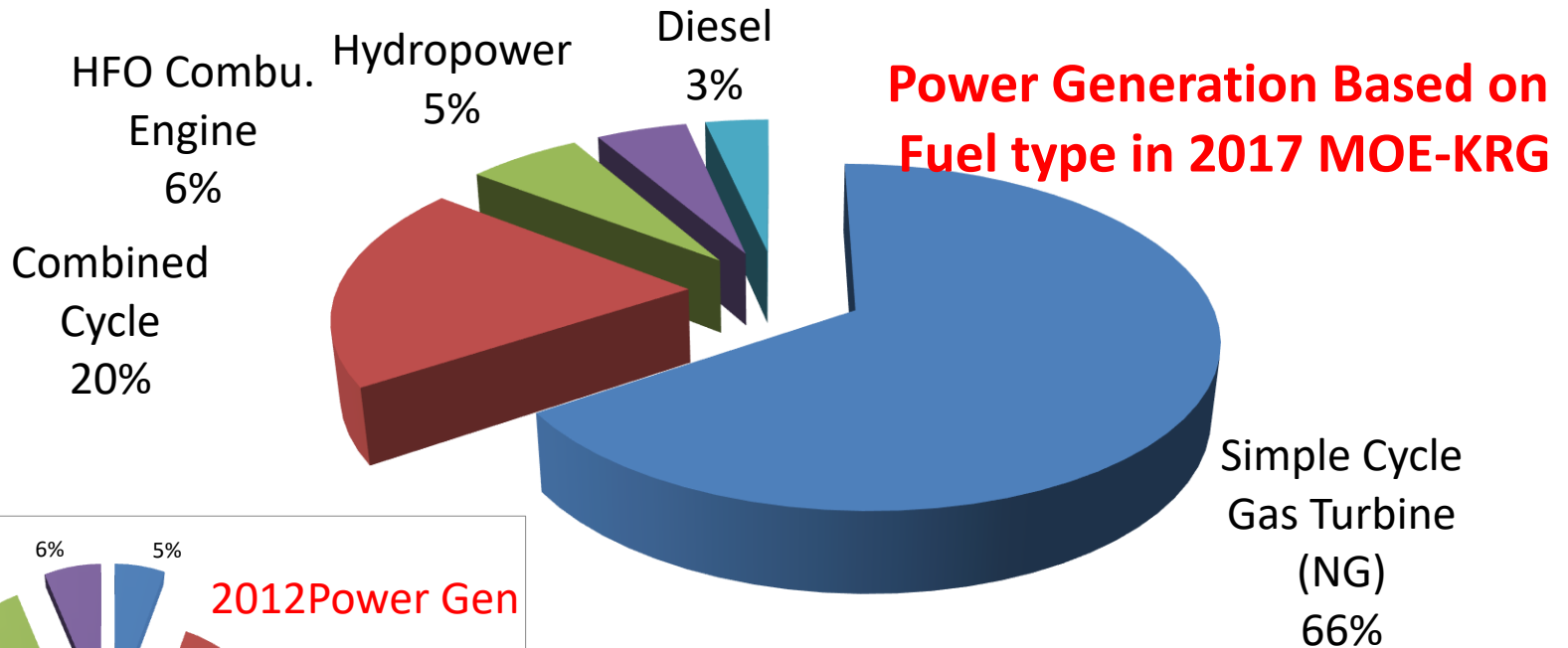
## Average Power Generation+(Import/Export) in KRG (2004-2017)



# Current Residential Consumption & Subsidies for tariff blocks

| Subsidies percentage<br>% | Average Tariff<br>(US¢/kWh) | Average consumption<br>per month<br>(kWh) | Percentage<br>of<br>consumers | Percentage<br>of<br>contribution<br>payments | kWh Range     |
|---------------------------|-----------------------------|---|-------------------------------|--|---------------|
| 91                        | 1.25                        | 231                                       | <u>32.4%</u>                  | <u>23.1%</u>                                 | 1 - 450       |
| 88                        | 1.67                        | 658                                       | <u>38.3%</u>                  | <u>40.1%</u>                                 | 451 - 900     |
| 69                        | 2.92                        | 1,135                                     | <u>21.8%</u>                  | <u>30.3%</u>                                 | 901 - 1500    |
| 58                        | 5.00                        | 1,743                                     | <u>5.2%</u>                   | <u>5.06%</u>                                 | 1501 - 2100   |
| 53                        | 6.25                        | 2,447                                     | <u>1.7%</u>                   | <u>1.24%</u>                                 | 2101 - 3000   |
| 21                        | 12.50                       | 3,647                                     | <u>0.5%</u>                   | <u>0.15%</u>                                 | 3001 - 5000   |
| 1.3                       | 16.67                       | 13,758                                    | <u>0.1%</u>                   | <u>0.05%</u>                                 | Above<br>5000 |
| 39                        | 10                          | Industrial<br>& Commercial                | 100.0%<br>19                  | 100.00%                                      | unlimited     |
| 19                        | 12.5                        | Government                                | 12                            | ---  | unlimited     |

# Kurdistan Total Energy Generation 95% by Fossil Fuel ([2571MW@22.2TWh](#)) in - 2017





**Bekhal Spring 1.2 MW  
SHPP ( Tourist area )**



**Erbil - Kurdistan**



## **DERBANDIKHAN DAM**

**In Sulaimaniya Governorate, on Sirwan river.**

**Total Storage: 4040 MCM**

**Dam Height: 127 m**

**Electricity Generation: 240 MW**

***Thank you for attention***



**WE  
CAN  
DO IT**