



JCEE Newsletter No 6, September 2009

Dear Members of JCEE, RE&EE Professionals and Friends

With this 6th Newsletter the JCEE Secretariat wants to inform you about developments from May to mid September 2009, related to RE and EE in Egypt in general and to JCEE in particular. For more on the following and more sector news, articles, publications we recommend to consult occasionally the website www.jcee-eg.net

- I. RE and EE Policy Highlights from Egypt (see also <http://www.jcee-eg.net/news.asp>)

With outstanding efforts during the past months, considerable progress was achieved in defining framework and specifying basic conditions as well as increasing project pipelines of **wind power** in Egypt.

After allocating large **areas of land** in the areas of Zafarana and Gabal el-Zeit area in Red Sea Governorate, additional 1.5 million feddans (or 6300 squarekilometers) of state-owned lands in the governorates of Beni Suef, Menya and Assiut are earmarked for wind generation projects. The Government charged the New and Renewable Energy Authority (NREA) to preposition uninhabited land in the Western and Eastern desert with good wind regime and to coordinate with concerned organizations to prepare initial studies. For more information see the latest NREA Annual Report.

Responding to the first call in the **competitive bidding** for a 250 MW wind park tender in the Red Sea Governorate, 32 bidders had submitted tender envelopes for prequalification, until the due date on August 20, 2009. The high number of bidders from 20 countries was attributed by the Minister for Electricity and Energy (MoEE) to the good environment for investment in Egypt and the good strategy for encouraging the investment in the wind sector. A commission to evaluate the bids and to establish a short list of prequalified bidders has taken up its work subsequently to the opening of the envelopes. The Egyptian Electricity Transmission Company (EETC) will be the offtaker of the electricity produced by the private wind park and be the contract partner in the Build Own Operate (BOO) scheme, based on existing law (Law No. 89 from 1998) for contracting of independent power production. The government intends to tender several 250 MW wind parks in the coming years.

In parallel, the details of **land use agreements** were elaborated further with the support of international cooperation (see below). It was decided by the Supreme Council of Energy (SCE) that the land use rights already established by the NREA will not be transferred to EETC. Rather, standard land use agreement would be adopted by the Government and be offered to the successful bidder to be concluded, without further negotiation with NREA. The Supreme Council has asked a group of Ministries to agree on the key conditions including rents of the land lease.



Meanwhile, NREA with the blessing of the SCE has continued negotiations with several donor countries, namely Germany (KfW, jointly with European Investment Bank EIB), Spain and Japan as well as Abu Dhabi and their agencies to develop further wind parks in the Red Sea Area using the modality of **concessionary financing**. The project pipeline stands currently at around 1000 MW, including 405 MW in operation.

In order to assure the **transport of electricity** from the growing wind parks in the Red Sea area to the consumption centers, EETC is planning High Voltage Alternate Current (HVAC) lines which will connect the wind parks to National Interconnected Grid at Suez Governorate and has negotiated financing with World Bank and African Development Bank (in the framework of Clean Technology Fund) as well as European partners (EIB and KfW).

The SCE has also discussed the project of private developers to establish wind parks to generate **electricity for their own use**. These projects will not require new legislation, though, they need wheeling of the electricity through the transmission grid of EETC.

In attendance of final approval of the new electricity law, which foresees the **Feed In Mechanism** as one of the options to support private renewable energy power development, the Egyptian Regulatory Agency of Electric Utilities and Consumer Protection (EGYPTERA) has started to create the regulations and tools for this modality, in the framework of JCEE (see below).

The Supreme Council of Energy has also mandated the MoEE to prepare a strategy for the use of **solar energy** for power generation. This comes with a view of the many initiatives which are triggered mostly in Europe, which are rooted in the vision of a namely European Mediterranean electricity supply based on solar energy from the desert, namely DESERTEC (see below).

The government has also confirmed the **reduction of import duties** for renewable energy equipment to 2%.

The Higher Council for Scientific Research under presidency of the Prime Minister agreed to give priority to **renewable energy research**, in particular to specific issues of wind energy technology related to dust resistance, to hybrid solar/wind systems and to solar photovoltaic in combination to nano-technology.

With respect to energy efficiency, the MoEE has approved initiatives to increase significantly the use of **efficient light bulbs in residential and street lighting**. A program to disseminate up to 6 million compact fluorescent lamps (CFL) is carried out by the electricity distribution companies under the leadership of South Cairo and Alexandria distribution companies. The replacement by CFL in street lighting is carried out under the leadership of North Cairo Distribution Company.



The high acceptance of an initial program of the Ministry of State for Environmental Affairs and its executing Egyptian Environmental Affairs Agency (MSEA/EEAA) to **replace old taxis** has led the Ministries of Trade and Industry as well as of Finance to set up a significant program to replace them by new Compressed Natural Gas (CNG) driven cars. With the approval of the Government, the program was started successfully. The Government also decided to convert official cars to CNG.

The new General State Budget for the exercise 2009/2010 foresees **effective subsidies** to be paid by the MoF for the purchase of petroleum products and natural gas of around 34 billion Egyptian Pound, estimation based on a low oil price scenario. This would be much less than effectively paid in 2008/2009. In addition some 4 billion will be needed for electricity price cross subsidy. In total, subsidies are expected to swallow around 20% of the 2009/2010 General Budget.

2. News from JCEE

The semi-annual Focal Points Meeting was held successfully in the German Embassy in Cairo on June 17, 2009. The report on the first half year 2009 and the new half year program were approved (please find under <http://www.jcee-eg.net/libdetails.asp?typeID=3>).

End of May 2009, JCEE together with the EU project MED ENEC organized very successfully a National Consultation on **Building Energy Efficiency**. The main messages from the meeting, in which participated private and public stakeholders were: With increasing population and income, energy consumption and peak load will grow rapidly. Building efficiency codes and the basic legislation are elaborated and approved, but implementation remains very weak. A concerted effort is necessary to increase awareness and capacity of the key actors to enforce the mandatory framework, in line with pricing and investment incentives. (Please find the workshop report under <http://www.jcee-eg.net/libdetails.asp?typeID=3>).

JCEE will respond to the requests and support capacity development as well as pilot projects. As a consequence to the event, the **Ministry of Housing, Infrastructure and Utilities** has requested membership in the Egyptian German High Level Joint Committee, which was welcomed by all existing Members. Thus the building energy efficiency activity in JCEE is now carried in collaboration between MSEA/EEAA, NREA as well as the Ministry of Housing and its Housing Building Research Center (HBRC).

In response to a request from EGYPTERA and approved in Working Group II of JCEE, a two step mission by the consultancy company Lahmeyer International took place in July, August and September 2009 to prepare for the implementation of the new electricity law and enable the Egyptian Government to apply **Feed In Mechanism** as a the new mode of promote small and



medium RE power projects. The mission contracted by GTZ and financed with funds from German Federal Ministry for Economic Cooperation and Development (BMZ) prepares a software tool to calculate Feed-In Tariffs and develops template for **Power Purchase Agreement** for small wind parks. In a round table discussion, private and public stakeholders were invited to give their view on key issues. The presentations are accessible for JCEE members under <http://www.jcee-eg.net/libdetails.asp?typeID=5>

This JCEE activity complements the work of the Regional Center for Renewable Energy and Energy Efficiency (RCREEE) and the EU Project MED EMIP , preparing model Land Use Agreements and Power Purchase Agreements for the region based on international best practice. Please find a report under <http://www.jcee-eg.net/libdetails.asp?typeID=2>

Equally in response to a request from EGYPTERA and approved in WG II GTZ contracted with funds from BMZ a German expert to develop a concept for an **energy consumer protection association**, as a non-governmental organization (NGO) to represent electricity consumer interest. The first mission to Egypt by the founder and director of the German Bund der Energieverbraucher took place in August and beginning of September and identified the stakeholders and the potential concept. The next step will be a workshop of stakeholders to start the process of evolving a specialized consumer protection NGO beginning of December 2009.

Together with the RCREEE and the EU project MED EMIP, JCEE has permanently contributed to the discussion of **solar power** in Egypt in particular in relationship to the DESERTEC concept and the Mediterranean Solar Plan (MSP) in the framework of the Union for the Mediterranean (UfM), and assisted in the organization and chairing of the discussion during the joint event of RCREEE and MED EMIP, on 28 June 2009, in Sharm El Sheikh at the occasion of the second preparatory meeting of IRENA. (See report and presentations [http://www.rcreee.org/documents/IRENA_Jun_2009_SideEvent/ReportJointEvent20090629_c . pdf](http://www.rcreee.org/documents/IRENA_Jun_2009_SideEvent/ReportJointEvent20090629_c.pdf))

JCEE will invite to a non public round table to discuss the various initiatives including the new DESERTEC Industrial Initiative (DII) and the potential role of Egypt, using the RCREEE as the appropriate discussion platform.

Upon request from NREA approved in Working Group I, to develop a business plan for and upgrade the **thermal solar laboratory**, testing laboratories in Germany were contacted and asked for their interest to cooperate with NREA in this task with funds from German Federal Ministry for Economic Cooperation and Development. Four testing labs indicated interest and will be invited to submit their proposals.



The development of **CDM programs of activities** (PoA) with support from JCEE continues, Intermediate reports were received and discussed with the CDM promotion unit of EEAA and the stakeholders in the electricity sector respectively for the studies which are underway in the area of charcoal kilns and Compact Fluorescent Lamps.

3. Upcoming events and meetings of JCEE And with support from JCEE

- Round Table on DESERTEC and Mediterranean Solar Plan, on 14 October 2009, upon invitation.
- TERNA wind energy development week, jointly organized by GTZ and the German Wind industry, in Berlin from 09 to 13 of November 2009, with strong delegation from Egypt
- International Green Renewable Energy Conference, in Cairo on 01 and 02 December 2009, organized by Egyptian Business Association
- NGO Energy consumer Workshop in Cairo on 02 and 03 December 2009
- WG I, subgroup on Renewable Energy meeting, October date tbd
- WG I, subgroup on Energy Efficiency meeting, October date tbd
- WG II meeting, October date tbd
- WG III meeting, October date tbd

With kind regards

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