10 billion € of investments in solar and wind in Egypt by 2020: the Italian renewable energy industry is at the forefront of the sector

Three support mechanisms will be available to the whole supply chain, in order to enhance an already consolidated commercial partnership

Subsidies, competitive auctions and merchant schemes for wind and solar energy are the basis for a favourable framework for renewable energy development in Egypt. The effectiveness of these support mechanisms was discussed in Cairo today, during the event organized by RES4MED in cooperation with the RECREEE, the Regional Center for Renewable Energy and Energy Efficiency of the Arab League Countries. The conference gathered the most important public and private players of the renewable energy sector in Egypt, with the objective of starting a debate on the current investment opportunities, through the point of view of the different participants of the Italian and international industry.

The event started with the introduction by the Italian Ambassador in Cairo, Maurizio Massari, who highlighted the importance of the already consolidated institutional and commercial relations between Italy and Egypt. As a matter of fact, Italy is the first European and the third global commercial partner of the country. Khaled Abu Bakr, Co-Chairman of the Italian-Egyptian Business Council, then added that the renewable energy sector is one of the most dynamic of the Egyptian economy. The debate on the regulatory novelties on renewable energy and on the local framework for energy gathered the recommendations of the industry for an effective development of renewable energy and an efficient integration of the electric system, while also discussing the recent discovery of an offshore gas reserve in Egypt. The conversation focused on the RES4MED members experience, the point of view of IPPs and investors, the challenges for the bankability of projects and the risk mitigation of ongoing projects in Egypt. New competencies are now required locally, on different levels: concerning the short term, capacity building is focal to strengthen the real implementation of projects, as underlined by local universities, by the Politecnico di Milano and by industrial players during a session dedicated to the topic.

Mohamed Salah Elsobki, Executive Chairman of NREA, the renewable energies national agency, illustrated the feed-in tariffs (FiTs) and the competitive auctions program. Egypt has launched a robust incentives scheme, planning to install 4,300 MW by 2017, having also obtained the commitment by the off taker EETC, the Egyptian grid operator, to buy the energy produced by photovoltaic and wind plants, to which the subsidies will be granted through bilateral agreements of a 25 (for PV) and 20 (for wind) years duration. The several developers and investors who took part to the event confirmed the significant role of the FiTs in opening the market.

The announcement by NREA and EETC of three new tenders was another core topic of the event. Last August, the two institutions opened to national and international investors for the installation of 200 MW of photovoltaic, 250 MW of wind and 50 MW of solar thermal energy through competitive auctions. The great interest for these tenders could predict that new record-price adjudications will confirm the positive trend in the region, which has already started at the beginning of this year.

Hatem Waheed, Managing Director of EgyptERA, the Egyptian energy authority, discussed the regulatory aspects of renewable energy deployment. Lamya Abdelhakim, Head Sector for Private Power Projects at the EETC and the Ministry of Electricity and Renewable Energy, explained the details related to the bilateral long-term agreements, which will favour the bankability of projects. Important financial institutions and commercial banks exponents added their contribution, agreeing on the importance of their role in assisting local banks, often still inexperienced in financing large scale
projects for renewable energy. The discussion highlighted that the best practices of international operators contributed in the last months to define attractive financing solutions for local and international investors. The opportunities offered by Egypt are extremely interesting for the Italian industry, thanks to the consolidated relationship with Italy and its ambition to cover the strategic role of industrial hub for the sector for North Africa and the Middle East.

**Enel Green Power, Edison, Terna, Italgen, MegaCell, Airlight Energy, Carraro and D’Appolonia** represented the Italian renewable energy industry.

**Francesco Venturini, President of RES4MED and CEO of Enel Green Power**, recalled that, during the past ten years, the evolution of renewable energy overcame all expectations. He stated that the growing competitiveness of more dynamic technologies, solar and wind, and the necessity to create jobs for a young and fast increasing population is fostering investments in renewable energy in the Southern and Eastern Mediterranean countries. He also discussed the barriers to the development of renewable energy, such as the limited experience by local banks in financing projects on renewable energy and the subsidies to fossil fuels. Venturini underlined the significant responsibility by local governments in removing political barriers. He finally added that Enel Green Power is interested in Egypt thanks to a favourable mix of factors: a ninety million people population, a dynamic economy, a growing energy demand, a favourable framework of supporting policies for renewable energy and an astonishing abundance of wind and sun.

**Maurizio Coratella, General Manager of the Edison International Egypt Branch**, stated that since November 2014, Edison has been supporting a Ph.D scholarship in energy research at the American University in Cairo. The candidate is investigating the current Egyptian energy situation and will identify possible strategies to improve the energy power sector in terms of efficiency and environmental impact. The research will be carried out in alternate periods between the AUC and the Politecnico di Milano. The long-term objective is to contribute to the creation of solid basis for the competences of new generation of engineers in Egypt, with a global vision on the 3 dimensions of sustainability: economic, environmental and social. Through this Capacity Building project, Edison confirms its commitment in the country and its intention to remain a long-term operator.

**Carlo Crea, International Affairs Director at Terna**, highlighted the importance of full integration of renewable energies in the electric system, adding how the Italian experience can support Egypt in developing the infrastructures required to reach the national objectives of renewable energy growth. He also stressed that the cooperation among grid operators is fundamental to make the electric systems in the Mediterranean area more stable, reliable and efficient.

**Giuseppe De Beni, Managing Director of Italgen**, shared the experience of one of the most important players in the Egyptian market. With the construction of a 120 MW wind farm in Gulf El Zeit, Italgen has become the first foreign direct investor to obtain all governmental authorisations. He also added that the pioneer role they covered for the private sector offered a strong support to the government in its definition of the renewable energy strategy, contributing at the same time to outline a method for the entrance of new international private investors.

The event ended with a session dedicated to innovative technological solutions for renewable energy, moderated by **Ali Abo Sena, Director of the Egypt National Cleaner Production Centre**, and to which the most important Italian technological operators, which are also RES4MED members, took part. **MegaCell**, an Italian producer of PV cells and modules, will start its operations in an Egyptian plant in 2016. During the workshop, its representatives showed an innovative technology for Smart Desalination systems, a sustainable solution able to satisfy the local water necessities. **Airlight Energy** discussed the potential of concentrated solar power for the Egyptian market, and the importance of Capacity Building in spreading the new capacity required by this technology. This, it added, would also have a significant impact in the creation of socio-economic benefits for Egyptian entrepreneurs. **Elettronica Santerno Spa, of the Carraro Group**, examined in depth the technical and economic aspects of PV pumping, which has considerable social benefits because of its positive impact on life quality. **D’Appolonia**, an operative company which has been working in Egypt for years, confirmed the potential by solar technologies, also in relation to distributed generation solutions.

All the material from the RES4MED Day in Egypt will be freely accessible on the [RES4MED website](https://res4med.com).