

## FLASH NOTE

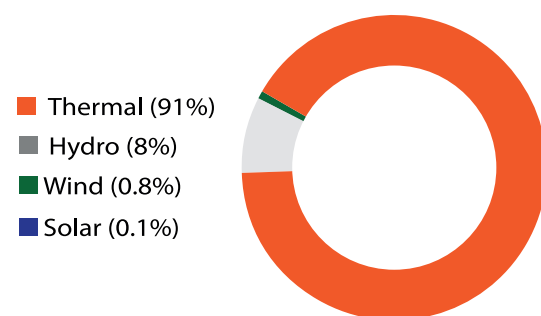
## RENEWABLE ENERGY

## NEW OPPORTUNITIES

“THE EGYPTIAN GOVERNMENT HAS INITIATED A MULTI-ASPECT STRATEGY THAT AIMS AT INCREASING LOCAL PRODUCTION OF ENERGY GENERATED FROM RENEWABLE SOURCES”

Due to the severe energy crisis Egypt has been suffering through the last 3 years, the Egyptian government has been trying to diversify energy sources it depends on for producing electricity, especially with the heavy dependency on fossil fuel.

### POWER GENERATION ACCORDING TO GENERATION TYPE



Ministry Of Electricity, 2013

This Strategy includes the following pillars:

### 1 LIFTING ENERGY SUBSIDIES

At the end of June 2014, the Egyptian government has partially lifted energy subsidies through its 3-5 year plan to completely remove them. This move is going to encourage different plants, especially those that belong to energy-intensive industries, to start investing in alternative energy sources after years of relying on cheap energy provided to them by the government.

### 2 INCREASING PUBLIC INVESTMENTS

The Egyptian government has approved an ambitious strategy in 2008, aiming to raise the contribution of renewable energies (mainly solar and wind) to the total electricity generation to 20% by the year 2020. Governmental projects are planned to represent 33% of total projects intended to be implemented in this regard.



### 3 INCREASING PRIVATE INVESTMENTS

In September 2014, the Egyptian Government has decided to encourage private sector's investments in renewables through the following incentives:

- Obligating government to buy energy produced from renewable sources from households and private sector by the Electricity Ministry at high prices. Purchases will be done through long term agreements (25 years for solar energy and 20 years for wind energy), with predetermined prices.

### FEED-IN TARIFF FOR WIND ENERGY

Operating Hours	Feed-in-Tariff (First Stage-5 Years)		Feed-in-Tariff (Second Stage-15 Years)		Expected Power
	Cent / KWH	Piasters / KWH	Cent / KWH	Piasters / KWH	
2500			11.48	82.08	2000 MW
2600			10.56	75.53	
2700			9.71	69.46	
2800	11.48	82.08	8.93	63.83	
2900			8.19	58.58	
3000			7.51	53.68	
3100			8.93	63.82	
3200			8.33	59.53	
3300			7.76	55.49	
3400			7.23	51.70	
3500	9.57	68.40	6.73	48.12	
3600			6.26	44.73	
3700			5.81	41.54	
3800			5.39	38.51	
4000			4.60	32.90	

### FEED-IN TARIFF FOR SOLAR ENERGY

Production Capacity	Fund	Feed-In-Tariff Piaster or Cent/ KWH	Expected Power
Households	Local	84.8 Piasters	300 MW
Less Than 200 KWH	Local	90.1 Piasters	
200-500 KWH	Local	97.3 Piasters	
500 KWH - 20 MWH	Foreign <sup>1)</sup>	13.6 Cents	2000 MW
20 - 50 MWH	Foreign <sup>1)</sup>	14.34 Cents	

\* Kilowatt Per Hour (KWH) / Megawatt Per Hour (MWH)

<sup>1)</sup> Will be calculated in U.S. dollars because they will likely be developed with foreign financing, but will be paid in domestic currency according to the exchange rate at the time of payment (Return on these investments is expected to amount to 14%)

- Providing facilitated bank loans for households and private-sector investors producing less than 200 KW and 200-500 KW at 4% and 8% rates, respectively .
- Charging investors only 2% customs on materials imported for the projects.
- Providing state-owned lands for renewable energy projects in exchange for 2% of the energy produced through usufruct agreements (For 25 years for solar energy projects and 20 years for wind energy projects).

## EGYPT'S COMPETITIVE STRENGTHS

- Geo-Climactic Location** that leads to consistent hot climate and high wind speeds.
- High-Intensity Solar Radiation** (2,000-2,600 KWh/m<sup>2</sup>), especially in Upper Egypt.
- Longer Hours of Sun and Wind Operation** compared to Europe.
- Consolidated Experience In Wind Electricity Generation**, with Egypt producing almost 57% of the region's total wind energy.

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