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Wednesday 30 September 2009

Keynote Address

HE Dr. Hassan Younes, Minister of Electricity and Energy, Arab Republic of Egypt

We should begin by mentioning that to this day, one third of the world lives with no access to electricity. Our collective efforts should reach more people and provide affordable electricity to those situated across the globe. I must say that the latter remains a challenge but I am optimistic about what the future holds. We must work together and develop new strategies and projects that will enable us to reach more people across the world.

How will this be done? Through economic growth and new energy resources, and by reaching new markets, attracting new investments, and encouraging new technologies. Protecting and reducing the negative impact on the environment, is also important. We should follow a sustainable energy program, with long term projects which are supported by short term projects.

Egypt electricity sector is dedicated to achieve energy supplies domestically and regionally. Over the past years we have achieved remarkable results. Today, energy supplies reach 99% of the Egyptian population. Our achievement includes an increase in energy generation, transmission and distribution.

Several projects are underway in Egypt. An energy conservation program was developed and is now being implemented. A street lighting program is currently being executed, and we are looking into solar energy programs, as Egypt has great potential for solar energy, with its large solar and land resources. The plan is for renewable energy to have 20% of the market by the year 2020. Egypt's energy mix already includes renewable energy, most of which is hydro energy. 140 mega watt solar installations will be in full use by the year 2010. 250 mega watt wind farm bids are currently in the evaluation phase, and Egypt is hosting the MENA conference on renewable energy, policies of research and development, and PPP. I must add that stability and transparency are required for efficient implementation of these programs.

It is important to build strong relations with international bodies to get the expertise and support necessary. Our nuclear program with IAEA includes: a new nuclear act which will establish regulatory agencies, as independent agencies, the hiring of international consultant to help develop our human resource capabilities, the restructuring of existing agencies, and the maintenance of transparency. We will also be counting to partner with the IAEA and international agencies.

Egypt's co-chairing of the Mediterranean Union will help promote energy projects with Mediterranean countries. The Nile Basin Initiative, which focuses on the Inga Dam project, will help Egypt, Ethiopia and Sudan create an interconnection through the Nile River. This will allow the extension of existing transmissions. This interconnection will allow us to access the hydro resources available in both of these markets. This project is a win-win situation since the demand lies mainly in Egypt and the supply, in these other markets, so the situation is good for all of us. We are working closely with international funding agencies that are already supporting the study. The next step is to get the fund. We will be meeting in October with all parties involved to discuss this further.

Egypt's electricity sector has a significant role to play in the interconnection of Egypt with other Arabic countries such as Saudi Arabia, and the Gulf. We will be offering a whole list of new projects that involve mutual cooperation and sound infrastructures, which will help in raising the benchmark of our success.

Q&A:

Floor: Private capital as a program and the appetite for banks to invest. Has that changed the way you approach investments?

HE Dr. Hassan Younes (HY): So far our investment plans, and the construction of plants are going well. In the future financing will definitely be a challenge and we should encourage the private sector to get more involved. International agencies are working with us on our programs that will take place over the coming 5 years. Working with the World Bank, whose consultants work with our experts, we are working to create a package to attract investments from the private sector.

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Floor: What can you tell us about the ministry's capacity building programs?

HY: Regarding the Nile Basin Initiative, we have plans with Ethiopia, through Sudan. Africa has many hydro resources. 2 to 3 years ago we started to study the possibility of connective projects between Ethiopia, Sudan and Egypt. The study showed that such a plan was feasible, and there is a ministerial meeting next month that will study how to utilize and analyze these results. They have potential and not demand, whilst Egypt has the demand, but does not have the potential. Next month's meeting with the 3 countries will be held to decide the next step and to work on getting funds through international funding agencies who are supporting these studies and the projects implementation. A second program for capacity building of the Nile Basin countries and training for engineers, and the technicians of conventional power is also in the works.

Floor: Regarding the pricing structure of electricity...

HY: From 1992 to 2004, the fixed prices of electricity damaged the financial structure of companies. This is why we decided to increase the prices by 5% every year as of 2004, and in 2006, we added an additional 2.6% for the oil sector. In total there is a 7.5% annual increase. For residential it's different because the price depends on their consumption. In 2009 there will be no increases in energy and oil rates. Overall, increases have improved the financial standing of electricity companies, ensuring a continuity in supply.