

Keynote Address: HE Hassan Younes, Minister of Electricity & Energy, (Wednesday 29, September 2010)

Richard Ensor, Managing Director, Euromoney Institutional Investor PLC: Dear ladies and gentlemen, good morning, and welcome to the second day of the Euromoney conference. Unfortunately, His Excellency Dr. Hassan Younes couldn't make it today due to his engagement in an urgent matter at the ministry. However, Engineer Mohamed Moussa Omran, First Under Secretary, for the Ministry of Electricity & Energy will speak on His Excellency's behalf.

Omran:

Ladies and gentlemen, it is an honor to be with you today at this conference, where I'll be speaking instead of His Excellency Mr. Hassan Younes, who is disappointed at not being able to attend. It's an excellent opportunity for us to exchange experiences, and a chance for us to improve and enhance our services, especially since the energy sector in Egypt has great potential and offers many opportunities for investment and development. Achieving this development however, is mainly dependant on cooperation between the decision makers of the investment, the private sector, and the government, especially since there are many challenges that come hand in hand with the type of economic development which Egypt is currently facing.

The increased energy consumption rate is a result of high growth rates in the industrial sector, and the rapidly increasing population. These are the challenging factors that face us when enhancing the energy sector. Climate change has become a main challenge. The world has witnessed change in industry, consumption, and demand for energy.

The Egyptian ministry of electricity & energy is exerting efforts in order to increase the total capacity of energy in Egypt. This is being done through the adoption of new projects and ideas that will serve as a catalyst in helping us achieve these goals.

The power sector has continued its long-term policy to shift toward high efficiency and low or even no carbon emissions. This is represented by heavier reliance on high efficiency gas fired power plants which include combined cycle and super-critical pressure plants and a higher share of renewable energy. A target of 20% renewable energy has been set. A first bid of 250 MW wind power was announced last year, and will be implemented by the private sector. Regardless of the financial crisis and thanks to the governmental guarantees offered, there was strong response to these bids. Another round of bidding for 1,000 MW wind energy projects through competitive bids schemes is also being planned.

On the other hand, the governmental framework relies on Public Private Partnership. A new law for PPP has been adopted. A bid for 1,500 MW, which could be expanded to 2,250 MW, for a combined cycle power plant was announced in January 2010, the plant will be offered based on a build own operate contract. Other plants will follow, hand in hand with state financed plants to achieve the set expansion plan, which will ensure the security of energy supplies.

Planned growth in the field of renewable in general, and wind energy in particular, to generate electricity provides good opportunities for investors. Egypt supports the private sector through a number of incentive programs, which can be summarized as follows: allocation of more than 7,600 square kilometres of desert land for future wind projects, the preparation of studies concerning the assessment of environmental impacts with the cooperation of international consultants, and finally signing long term Power Purchase Agreements, (PPA) for periods of 20-25 years, in which all financial obligations are guaranteed under the PPA by the government.

It is worth mentioning that the solar energy program will start commencing by the end of this year, with a fully integrated energy plant to generate solar power. The region has to be more cooperative especially with countries on the north and south of the Mediterranean. Egypt is planning to collaborate on projects with Jordan, Syria, and Saudi Arabia, the latter which will start in 2013.