



FiT Program – Round II

EETC First Meeting

The Feed-in-Tariff Unit at the Egyptian Electricity Transmission Company (EETC) invited qualified developers of PV and wind projects yesterday, 20 February 2017, to discuss and coordinate for Round II of the FiT program. R&R was attending the meeting and is happy to summarize its minutes below.

Date and Venue

- 20 February 2017
- EETC premises in Cairo

Attendees

- FiT Unit at the Egyptian Electricity Transmission Company (EETC).
- New and Renewable Energy Authority (NREA).
Egyptian Electric Utility and Consumer Protection Regulatory Agency (EgyptERA)
- Developers of solar and wind projects.

Issues Discussed

1. Independent Engineer

EETC has hired Electric Power Systems Engineering (EPS) as the independent engineer. EPS has issued two reports on the progress of the infrastructure work of Benban site. EETC is currently reviewing the reports and shall circulate them with the developers within a week.

2. Site Works

According to EETC, 80% of the interconnection works at Benban site are completed. This should be confirmed in EPS reports. All site works will be finalized by the end of 2017. Round I developers who reached COD during this year will be paid by EETC for assumed production.

EETC finalized a study on the cables connection of 22 KV. The study includes two types of cables (copper cables and aluminum cables). One of them will be selected to be used in the connection works and will be subject to a tender.

3. Plots' Coordinates

In order to avoid using three layers cabling and reduce cost accordingly, NREA will need to expand the cables routs. Such expansion will require implementing some minor adjustments to the land

plots coordinates. The report of the independent engineer shall explain in details the reason behind such changing in the plots' coordinates.

Such adjustment will not affect the land plot area of each developer. Flag and corners of each plot will however need to be adjusted. The land deliver minutes (attached to the MoU) shall be amended to reflect the new coordinates.

NREA is expected to finalize the site maps with the adjusted coordinates and circulate them with the developers this week.

4. Amendment of the Cost Sharing Agreement

The Cost Sharing Agreement (CSA) will be amended for developers of Round I and Round II to compensate for the increase in the prices of the infrastructure equipment resulted from the free floating of the EGP. The CSA shall cover the cost of the site management and the establishing a green belt surrounding Benban site as requested by the developers.

EETC will announce the exact increase amount of the CSA within the coming one or two weeks. EETC is expecting that such increase will range from 15% to 20% above the contingency cap mentioned in the CSA (which is 25%). This means that the expected increase would reach 40% the total installments (around EGP 12,000,000 as a maximum).

The possibility of increasing the amount of the letter of guarantee was highlighted, which was opposed by many developers.

5. Site Management Agreement

In case EETC will handle the supervision of the facility management work on behalf the developers, the facility management contract shall be entered into between EETC, NREA, the developer and the selected contractor. Such contract will be attached to the CSA as an annex, and will determine EETC remuneration.

There are two contractors shortlisted for the facility management work, one of them will be selected as the contractor under the facility management contract.

A meeting is tentatively scheduled next Thursday between the developers and EETC to discuss the facility management contract.

6. Round II Participants

According to EETC, the number of PV developers participating in Round II is 40, in addition developers of Round I who failed to achieve financial closure.

7. Available Plots in Benban for PV Projects

A number of 10 developers of PV projects from Zaafrana and West of Nile have moved to Benban Site. Accordingly, the total number of land plots allocated in Benban is 34 plots. There are 5 plots remaining in Benban, 1 plot for 20MW capacity projects, and 4 plots for 50MW capacity projects.

8. Round II Finance

Self-equity financing is not allowed in Round II. The project must fully be financed through lending institutions, with a minimum of 70% of the project investment cost be in foreign currency from outside Egypt.

As per the Tariff Decree no. 2532/2016, each developer shall submit, within 6 months from 28 October 2016 (i.e. no later than 28 April 2016), a commitment letter from its lender confirming the financing of the project. This commitment should take the form of a binding commitment letter rather than a mere expression of intention or readiness.

9. Project Agreements

The English and Arabic versions of the project agreements for Round II are ready and available at EETC. The approval of the State Council is not required for the PPA since EETC is an independent authority according to the new electricity law. Direct agreements were confirmed by the State Council.

10. Wind Projects

There are 15 developers for wind projects in Suez Gulf area, 10 of the wind developers confirmed participation and obtained land plots from NREA. Wind project developers are expected to sign the CSA soon.

According to NREA, there are still 7 land plots available in Suez Gulf area for interested qualified developers.